



Daily Report

East Asia

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**ROK Minister Urges WTO Body To Help
Developing Countries Adjust**

SK1607042396 Seoul THE KOREA HERALD
in English 16 Jul 96 p 8

[FBIS Transcribed Text] Minister of Trade, Industry and Energy Pak Chae-yun Monday called for the World Trade Organization to activate a supporting body to help ease difficulties faced by developing countries in their efforts to implement the Uruguay Round of global trade agreements.

In his keynote speech at the APEC trade ministers' meeting, the Korean trade minister stressed that the Asia-Pacific Economic Cooperation [APEC] forum should jointly call for the strengthening of the WTO's supervisory function on regional trade blocs, which he said might threaten the multilateral free trade system.

Pak also proposed the establishment of a working-group unit within the WTO aimed at harmonizing different trade-investment regulations among member countries.

Trade ministers from 18 APEC member countries are holding a two-day conference in Christchurch, New Zealand, to discuss the joint strategy for the WTO's ministerial conference in Singapore in December.

Attending the sectoral discussions, Minister Pak stressed the need for the WTO to obtain reassurances of member countries for the faithful implementation of the global trade accord, but added that it should be left up to each member whether or not to accelerate the pace of implementation.

Concerning the follow-up trade negotiations, the Korean official said that while developing countries should be more positive on liberalization, the industrial countries for their part need to refrain from exerting "excessive" market-opening pressure.

On moves to link trade with environmental concerns, Pak opposed any hasty conclusions but said only that the WTO's December ministerial conference should serve as the beginning of that discussion.

On Sunday, Pak met with New Zealand's Trade Minister Philip Burdon and called for Wellington's sincere efforts to redress the imbalance in bilateral trade, which is now \$600 million in favor of the Oceanic country. Pak reminded Burdon of the fact that New Zealand's average import duty stands at 14 percent, compared with Korea's 7.9 percent, said ministry officials who were on hand.

Minister Burdon, noting that Korea is the fifth largest trading partner of his country, asked for more direct investments in New Zealand by Korean businesses, the officials said.

**Singapore Trade Minister on Revision of IAP for
APEC Summit**

BK1707043796 Singapore THE STRAITS TIMES
in English 17 Jul 96

[Report by Chan Hwa Loon in Christchurch, New Zealand — received via Internet]

[FBIS Transcribed Text] Singapore was one of six member countries in the Asia-Pacific Economic Cooperation forum which had revised their initial individual action plans (IAPs), said Trade and Industry Minister Yeo Cheow Tong yesterday. "Our IAP is quite ambitious even as it now stands, mainly because we are starting from a position where we are already a duty-free nation," said he at a press briefing at the end of the two-day Apec Trade Ministers meeting here. "But we will work hard to find ways to make it even more ambitious," he added.

He declined to disclose the improved offers Singapore had made in its revised IAP. He also declined to name the other five member countries which had presented revised IAPs.

On whether Singapore would revise its IAP further, he said: "We will have to review what the others have tabled and will of course, regardless of what the others have tabled, also examine what else we can do."

On the proposal for an Information Technology Agreement, championed by the United States, he said: "We think it is a good initiative. As US Ambassador Charlene Barshefsky has stated, IT [information technology] is becoming more and more critical for economic development."

He said the Apec region itself was a major producer of IT products and services, and so such an initiative should be of interest to Apec. But he added that there was a need to discuss the initiative further to see how the product coverage could be broadened further, so as to "keep it meaningful" for the participating countries.

At a press conference at the end of the Christchurch meeting, Ms. Barshefsky, acting US Trade Representative, said in reply to a question that there was a "widespread consensus" among Apec members that IT was an area that should be looked at for possible Apec action.

Disarmament Conference Urges India To Sign CTBT

OW1707114196 Tokyo KYODO in English
0930 GMT 17 Jul 96

[By Mie Kawashima]

[FBIS Transcribed Text] Hiroshima, July 17 (KYODO) - Experts attending the U.N. Conference on disarmament issues in Hiroshima called Wednesday for India

to retract its decision not to sign a Comprehensive Nuclear Test Ban Treaty (CTBT) that was drafted in late June in Geneva.

But an Indian delegate countered the appeal, saying the CTBT mostly benefits nuclear powers and has many loopholes allowing countries to bypass a test ban.

"India's threat to block the treaty, if her ratification is a precondition for entry into force, has given rise to widespread concern," Michael Weston, British ambassador to CTBT talks, said during the first plenum of the four-day conference that kicked off earlier in the day.

Hasmy Agam, second deputy secretary general of the Malaysian Foreign Ministry, asked India to rethink the impact it may cause if it refuses to join the CTBT regime.

If India does not sign the treaty, other countries may follow suit and some nuclear states could conduct detonations of nuclear devices, Agam warned.

But brahma Chellaney, professor of security research at the Center for Policy Research of India, said the CTBT would allow the nuclear powers to monopolize nuclear arms while leaving much leeway for nuclear tests, such as those conducted through computer simulation.

He called the CTBT talks the last chance to have the nuclear powers at the negotiating table for abolishing nuclear arms and said the opportunity must not be allowed to pass because it would run counter to the feelings of the sufferers of atomic bombings in Hiroshima and Nagasaki, the first cities attacked by nuclear bombs.

Earlier in the day, Japanese Foreign Minister Yukihiko Ikeda also called on India to reverse its stand on the CTBT.

"It is regrettable that India has formally announced that it cannot subscribe to the treaty in its present form and we strongly urge India to reconsider its decision," Ikeda told the meeting's opening session.

The Hiroshima conference was timed to occur after Jaap Ramaker, a Dutch envoy and chairman of the CTBT negotiations in Geneva, submitted a final CTBT draft to the disarmament conference June 28.

Negotiating countries will study whether to accept the draft by the time the talks reconvene July 29.

India has said it will not sign the treaty, voicing dissatisfaction over the conditions under which the treaty would take effect and procedures for the inspection of nuclear facilities in countries suspected of conducting tests.

The chairman's draft states that the pact will take effect after all of the five nuclear powers — Britain, China, France, Russia and the United States — and three "threshold" nuclear nations — India, Pakistan and Israel — accept it and secure commitments to the accord.

Weston said "it would not be very wise" to wait for New Delhi's commitment before allowing the test ban treaty to enter into force.

The British envoy explained his country's stand that the pact's aim to ban nuclear arms tests would be secured if seven of the eight countries sign the treaty.

"I remain positive," he said of the prospects of the CTBT negotiations. "It is hard to see any other formula (aside from Ramaker's text) attracting such a degree of support from so many of the key states concerned," Weston said.

Sixty-two diplomats, academics, government officials and other experts, including 28 participants from overseas, are attending the conference in the western Japanese city that was destroyed in the world's first nuclear attack Aug. 6, 1945.

The participants are to discuss disarmament and encourage international disarmament initiatives.

Ramaker initially planned to attend the gathering but canceled shortly before its opening because of a tight schedule related to the CTBT talks.

Prvoslav Davinic, director of the U.N. Center for Disarmament Affairs, said the Hiroshima conference, the eighth of its kind in Japan since 1989, marks efforts for dialogue toward nuclear and conventional disarmament in the post Cold War era.

During the opening session, Ikeda, while calling for an early conclusion of the CTBT talks, expressed regret over China's 44th underground nuclear test June 8. He asked Beijing to abandon its plan to conduct another explosion expected by September.

Hiroshima Mayor Tadaashi Hiraoka praised the July 8 decision by the international court of justice that the threat or use of nuclear weapons generally goes against international law.

However, he criticized the fact that the world court declined to give an opinion on the use of nuclear arms as means of self-defense.

Agam agreed with the mayor, saying the court should have clearly stated the illegality of any use of nuclear arms.

Officials Discuss Foreign Investment at Mekong Meeting

BK1707062996 Bangkok THE NATION in English
17 Jul 96 p B2

[Report by Kuniachada Chaiphiphat]

[FBIS Transcribed Text] Rangoon — Burmese authorities yesterday assured foreign investors of their commitment to a market economy through a five-year plan to promote exports and boost the economy to a sustained 6-percent growth.

However, they said foreign investment in hotels and tourist facilities in the capital may slow because the sector is approaching saturation level. At the same time, they encouraged investment in rural tourist destinations such as Mandalay and Pagan to accommodate growing numbers of tourists.

The government is expected to impose a temporary freeze on foreign investment in breweries and cigarette manufacturing until demand exceeds present production capacity, said officials.

Speaking at the Thai Board of Investment's Greater Mekong Sub-region business workshop, Thinn Maung, director of the Myanmar [Burma] Investment Commission's Directorate of Investment and Company Administration, said the sectors with the largest potential for foreign investors were the downstream petroleum and agriculture industries. Deputy director of the Directorate of Industry, Khin Than Nwe, said current joint venture projects with foreign investors were heavily concentrated in the import-substitute industry.

The government, she said, wanted to shift foreign investment into export-oriented sectors including natural resources. Thinn Maung said concessions for industrial parks near the capital have been awarded to Japan's Mitsui and Co Ltd and Singapore's Sinmardev International Pte Ltd. Thai company Rachana Group is also seeking an industrial estate concession while another Singaporean company is expected to be awarded a high-tech industrial estate concession near the international airport.

The number one foreign investment category is the energy sector, which accounts for over U.S.\$1 billion of the \$4.1 billion worth of foreign investment pledged to the country since 1988.

The tourism sector ranks number two in terms of foreign investment at \$180 million with Singapore and Thailand first and second among investors, according to the assistant director of the Ministry of Hotels and Tourism.

Burma's ruling State Law and Order Restoration Council (SLORC) has been seeking foreign investment since

it seized power in 1988. It claims the economy suffered from even worse mismanagement under the socialist rule and isolationist policies of former leader General Ne Win. Thinn Maung said as of July 15, the government had approved 196 projects originating from 20 countries for promised total direct investment of \$4.1 billion. To date, about \$2.5-\$3 billion has actually materialised, he said.

The Burmese delegate yesterday ruled out the impact of western economic sanctions on the Burmese economy, saying that economic interaction among countries in the region is on the rise and would be sufficient to maintain economic momentum. "The centre of growth in the next century is here, we are not worried about economic sanctions by western countries," he said. Joining ASEAN, he said, will be a driving force for Burma to further develop its economic partners and boost its economy.

Thinn Maung said major foreign investors included Thailand, Singapore, Malaysia, the U.S. and France. Thai companies are involved in 31 projects valued at over U.S.\$422 million.

He ruled out the notion that Western attempts to apply economic pressure on Burma by pressing for human rights improvements will affect Myanmar Tourism Year. "That is what you think. I think Myanmar is a country that foreign people cannot resist visiting," he said.

He also down-played the impact of Heineken's recent decision to withdraw its investment in Burma, saying it was just a shift of equity participation on the part of a foreign partner, the Asia Pacific Brewery, in a joint venture with a local company.

ASEAN Urges Partners To Participate in Development Programs

BK1707071296 Bangkok BANGKOK POST
in English 17 Jul 96 p 1, 3

[Report by Anurat Maniphan and Nutsara Sawatsawang]

[FBIS Transcribed Text] Jakarta — Persuading dialogue partners to take part in ASEAN's initiative to develop Burma, Cambodia, and Laos emerged as a main mission as senior ASEAN officials began last-lap preparations yesterday for a ministerial meeting.

According to an Association of Southeast Asian Nations source, the ASEAN foreign ministers are to argue for the dialogue partners to join them in a so-called "trilateral approach" to promote development cooperation with the three countries.

Permanent Secretary for Foreign Affairs Thep The-wakun said ASEAN foreign ministers would raise the matter when they meet dialogue partners next Wednesday and Thursday.

M.R. [Mom Ratchawong — royal title] Thep said the discussion would cover the question of funding. He also said dialogue partners should be able to take part in identifying the projects to be carried out towards developing the Mekong Basin area.

ASEAN, he added, should make clear to the dialogue partners the objectives of the development plan. Some of the dialogue partners are among the G-7 countries which ASEAN has approached with the plan, he said.

ASEAN has initiated a Mekong Basin development project as part of its bid to integrate Burma, Cambodia, and Laos into the grouping by the year 2000.

Cambodia and Laos have officially announced their intention to be full members next year and Burma has expressed interest in joining by 1998.

Officials have emphasised that the integration of all 10 Southeast Asian countries into ASEAN is important to lasting peace, stability, and prosperity in the region.

The ASEAN foreign ministers, meeting here on Saturday and Sunday, are expected to press member states to push forward the Mekong development project by establishing appropriate ways of funding it.

But the call to dialogue partners may find a sticking point in the inclusion of Burma in the project because of the ruling regime's refusal to engage in a dialogue with the pro-democracy opposition led by Aung San Suu Kyi.

The United States last week reiterated that economic sanctions remained a possibility and the European Union is under pressure to resort to this option following the death in a Burmese prison on June 22 of a friend of Mrs Suu Kyi, Leo Nichols, who was an unaccredited consul for some European countries.

But EU member states during the Asia-Europe Meeting that took place in Bangkok in March showed interest in one project related to Mekong Basin development, that of settling up a trans-Asian rail link that eventually would connect with Europe.

Japan and South Korea are also said to have responded positively to an ASEAN initiative for developing the Mekong Basin. But Japan some years ago launched a Forum for Comprehensive Development in Indochina, and it remains to be seen how the potential for overlap could be avoided.

Australia has been independently active in development projects in Laos and Vietnam.

Canada and New Zealand are other long-standing ASEAN dialogue partners. China, India and Russia are to be admitted as ASEAN's new dialogue partners over the next few days.

Dialogue partners hold their annual talks with ASEAN foreign ministers.

The ASEAN foreign ministers open their 29th annual meeting on Saturday after senior officials wind up a three-day preparatory conference on Friday.

Singapore put forward the idea of ASEAN developing the Mekong Basin during the fifth summit.

Malaysia in June hosted a ministerial meeting of ASEAN and Mekong river states which came up with a basic framework that identified areas for development co-operation.

ASEAN Senior Officials Prepare Agenda for Jakarta Meeting

BK1707090696 Jakarta Radio Republik Indonesia Network in Indonesian 0600 GMT 17 Jul 96

[FBIS Translated Text] This morning ASEAN senior officials began their session to prepare an agenda for the ASEAN Ministerial Meeting and a meeting between ASEAN countries and their 10 dialogue partners. Our correspondent Ahmad Muslih reports from the Jakarta Convention Center:

[Begin Muslih recording] To pave the way for the ASEAN Ministerial Meeting in Jakarta on 20-21 July, two meetings took place simultaneously at the Jakarta Convention Center this morning, namely, the ASEAN Senior Officials Meeting and the ASEAN Standing Committee meeting. Speaking to Radio Republik Indonesia in his capacity as chairman of the ASEAN Senior Officials Meeting, Ishadi Ibrahim, director general of political affairs of the Foreign Affairs Department, said this morning's session discussed preparations for the ASEAN Ministerial Meeting, the ASEAN Regional Forum meeting, and the Post Ministerial Conference. The ASEAN Standing Committee meeting was chaired by Raharjo Jamtomo, director general of ASEAN Affairs of the Foreign Affairs Department. The senior officials meeting also discussed provisional agenda and a draft of the chairman's statement at the ASEAN Regional Forum meeting. [end recording]

Japan

**Japan: U.S. Terms New Microchip Proposal
'Forward-Looking'**

OW1607124996 Tokyo KYODO in English
1126 GMT 16 Jul 96

[FBIS Transcribed Text] Christchurch, New Zealand, July 16 (KYODO) — The United States gave high marks Tuesday to a fresh Japanese proposal on ways to resolve the bilateral microchip trade dispute, Japan's International Trade and Industry Minister Shumpei Tsukahara said.

Acting U.S. Trade Representative Charlene Barshefsky gave the high rating during a second round of ministerial-level talks with him, describing it as forward-looking, Tsukahara told reporters.

But Tsukahara quoted Barshefsky as saying the Japanese proposal is so complicated that she will make a response after studying it in the U.S.

Before the meeting, Tsukahara said in relation to a proposal that Japan made during the first round of the meeting held earlier in the day, "Our proposal includes setting up an adjustment body between a proposed multilateral government forum and a proposed global microchip body. This is the maximum concession Japan can make."

The U.S. side, however, rejected the proposal, conference sources said.

Japan made the proposal during vice-ministerial talks held here between Yoshihiro Sakamoto, vice minister for international affairs at Japan's Ministry of International Trade and Industry, and Ira Shapiro, senior counsel and negotiator at the office of the U.S. Trade Representative, the sources said.

To replace the microchip pact between the two countries that ends July 31, the Japanese Government has been calling for the setting up of a multilateral government forum including Japan, the U.S. and the European Union to discuss chip trade issues.

By having the proposed forum and industry body work together to address chip issues, Japan hopes to alleviate U.S. fears that its share in the Japanese chip market will fall after the expiry of the bilateral trade pact, the conference sources said.

The current pact effectively ensures foreign chip makers a market share of at least 20 percent. The U.S. wants a new bilateral trade pact to replace it.

In the first-round meeting, Japan made the proposal after the U.S. explained in detail some of the points in its own proposal which Japan is concerned about. The U.S.

proposal, presented the previous day, included points which Japanese negotiators fear would lead to controlled trade.

Little progress was made in the talks, however, as Japan continued to resist U.S. requests for the Japanese Government to play a role in ensuring foreign market share, the sources said.

Meanwhile, the head of a U.S. chip maker visiting Christchurch as an industry representative told a group of reporters that the U.S. industry will seek an extension of the bilateral trade pact.

He said the industry will also look for the government to be involved in market surveys, saying it needs to keep a watch on market shares to avoid disputes, given increasing competition.

**Tokyo, Washington Chip Industry Leaders Slated
To Meet 20 Jul**

OW1607130796 Tokyo KYODO in English
1238 GMT 16 Jul 96

[FBIS Transcribed Text] Tokyo, July 16 KYODO — Preparations are under way to hold a meeting around Saturday among leaders of the Japanese and U.S. semiconductor industries to discuss their cooperation after the expiry of the existing chip trade agreement between the two governments, industry officials said Tuesday.

The planned meeting is expected to take up such issues as how to measure foreign share in the Japanese computer chip market, government involvement in the chip trade, and how to hold a conference among Japanese, U.S. and other makers, the officials said.

Participants in the parley will include Norio Ohga, chairman of the electronic industries association of Japan, and Pat Weber, head of the U.S. semiconductor industry association.

Leaders of the two industry associations have so far held three rounds of discussions, either directly or by telephone.

With the governmental chip trade agreement due to expire at the end of this month, the two governments have held several rounds of negotiations, including the current one in New Zealand by Japan's International Trade and Industry Minister Shumpei Tsukahara and acting U.S. Trade Representative Charlene Barshefsky.

Japan: Main Points of Tokyo's New Microchip Proposal

OW1607141296 Tokyo, KYODO in English
1338 GMT 16 Jul 96

[FBIS Transcribed Text] Christchurch, New Zealand, July 16 (KYODO) — The following are the main points of Japan's new proposal on a microchip trade dispute with the United States, announced by the Japanese Ministry of International Trade and Industry on Tuesday.

- The new proposal calls for a joint session to be held annually between the industry-level "World Semiconductor Council" (proposed earlier by the Japanese industry group — the Electronic Industries Association of Japan) and the Global Governmental Forum (GGF - the government-level mechanism proposed by the Japanese Government).

- The purpose of the new proposal is to ensure that possible industry concerns are heard directly by the respective governments.

- The GGF is intended as a multilateral forum to foster development of the semiconductor industry without government intervention in the marketplace, to promote free trade for semiconductors based on market principles, consistency with GATT/WTO rules, and multilateral cooperation, and to discuss market barriers, without any form of numerical monitoring or targeting. The first meeting should be held as soon as possible, no later than January 1997.

- The original members are Japan, the U.S. and the EU. Participation will be open to other major semiconductor countries in the future.

Tokyo, Washington Edge Toward Settlement of Microchip Dispute

OW1607150596 Tokyo, KYODO in English
1430 GMT 16 Jul 96

[FBIS Transcribed Text] Christchurch, New Zealand, July 16 (KYODO) — Japan and the United States showed signs of progress toward settling a bilateral semiconductor dispute Tuesday as the U.S. reacted positively toward a new Japanese proposal, sources close to the negotiations said.

Japan's International Trade and Industry Minister Shumpei Tsukahara hastily met with acting U.S. Trade Representative Charlene Barshefsky in Christchurch, New Zealand, to formally convey the new proposal.

The proposal calls for convening an annual joint session between the Japanese-proposed Global Government Forum on microchip trade and the industry-level World

Semiconductor Conference espoused by the electronic industries association of Japan.

Barshefsky appreciated the positive nature of the Japanese proposal, Tsukahara told reporters after the meeting.

The U.S. side will closely study the proposal after they return home, and will submit a counterproposal, the sources said.

Both Tsukahara and Barshefsky attended a two-day meeting here of trade ministers of the Asia-Pacific Economic Cooperation (APEC) forum which ended Tuesday. They also met bilaterally Monday for chip talks.

Japan and the U.S. have been wrangling over the nature of their semiconductor partnership following the July 31 expiry of the current bilateral chip accord which effectively ensures foreign chips a 20-percent market share in Japan.

The U.S. demands that the two governments continue to survey foreign market share in Japan after expiration of the accord so the share will not slide back from the present level of more than 30 percent — an idea rejected by Japan as conducive to managed trade.

Japan is instead proposing a global government forum among Japan, the U.S., the European Union and possibly other economies to discuss tariffs, market barriers and other issues surrounding microchip trade, instead of market access itself.

U.S. negotiators offered to accept the proposed forum when it sat down with the Japanese side Sunday, but made no compromise with respect to insistence on government involvement in the market, sources close to the talks said.

Faced with the U.S. position, Japan made a new proposal Tuesday which represents "the maximum concession" from the Japanese side, Tsukahara said.

The proposed joint session of government and industry microchip forums is expected to deal with the opinions of foreign chip suppliers complaining about falling market share and other matters.

"The purpose of this new proposal is to ensure that possible industry concerns are heard" by the governments, Tsukahara said.

The session will be attended by all participants in the global government forum, with officials of the participating nations taking turns to chair the meeting, Japanese officials said.

The officials said Japan hopes the first session of the global governmental forum will be held "no later than January 1997."

Meanwhile, Japanese semiconductor industry officials said in Tokyo on Tuesday that preparations are under way to hold a meeting around Saturday among leaders of the Japanese and U.S. chip industries to discuss their cooperation after the July 31 expiry of the existing chip trade agreement between the two governments.

In addition, the U.S. is expected to make a counterproposal to the latest Japanese proposal early next week.

After that, Japan wants to hold another round of talks with the U.S. in a last-minute effort to bring the bilateral talks to a settlement by the end of this month, sources close to the negotiations said.

Japan: MITI's 'Opinion' Proposes Multilateral Microchip Forum

OW1707034496 (Internet) Japanese Ministry of International Trade and Industry WWW in English
15 Jul 96

[FBIS Transcribed Text] Opinion of MITI

July 15, 1996

The Government of Japan Proposes a New Multilateral Forum to Replace the Current U.S.-Japan Semiconductor Arrangement, which will Expire as Scheduled, on July 31, 1996.

We base our view on fundamental changes that have affected this market sector over the past several years, including: FACT 1

The Japanese market is now fully open. Under the formula used by the U.S. Trade Representative, foreign market share in Japan for semiconductors has more than tripled over the past ten years, rising from 9% in 1986 to more than 30% today. FACT 2

The market for semiconductors has become global. There has been dramatic growth in international business partnership and a tremendous expansion of the Asian semiconductor industry.

A multilateral approach is essential - as a bilateral agreement can no longer adequately address the evolving requirements of a dynamic, rapidly changing global industry.

The Japanese Government is proposing the formation of a "Global Governmental Forum on the Semiconductor Industry", with the U.S., Japan and the European Union as founding members. The Forum would be the venue where various policy issues with global implications could be discussed between the participating government.

The Government of Japan believes the U.S. proposal to replace the current Semiconductor Arrangement is nothing less than a "never enough" approach.

The U.S. Government insists their proposal calls for less government intervention, as they propose to omit a "numerical target". The reality of their proposal is quite different. While proposing that the existing 20% market share target be eliminated (current market penetration for foreign semiconductors in Japan is over 30%), the U.S. proposal calls for "continuing and preserving the progress."

This position suggests fixing the current 30% level as the "floor," and measuring ongoing "progress" to infinitely expand foreign market share in Japan.

This is inconsistent with accepted principles of free trade, reciprocity and open markets.

The Government of Japan does not believe a "transition period" is necessary.

The U.S. Government and Semiconductor Industry Association propose a "transition plan," yet it is not clear what this transition is to achieve, or how it will be managed. The goals envisioned under the original Arrangement have already been reached and exceeded.

If the U.S. Government and Industry are not ready now to embrace the new era of globalization, when will they ever be?

Comparison Between the U.S. and Japanese Proposals

- * U.S. Proposal — Establish bilateral agreement patterned on existing Semiconductor Arrangement.
- * Japanese Proposal — Establish multilateral government-level forum to discuss semiconductor industry policy issues.
- * U.S. Proposal — Establish new market share target (i.e., market share floor) calling for preservation and continuation of progress made under current Arrangement.
- * Japanese Proposal — Reject target and/or managed trade approach.
- * U.S. Proposal — Continue to calculate market share levels attained by foreign products based upon capital affiliation.
- * Japanese Proposal — Reject capital affiliation calculations which are inconsistent with WTO rules.
- * U.S. Proposal — Continue government role in company-level antidumping activities, but only in Japan.

* Japanese Proposal — Reject government intervention in antidumping activities. Reliance on current national-level antidumping rules.

* U.S. Proposal — Continue government monitoring of market access activities.

* Japanese Proposal — Reject continuing government monitoring of market access activities.

* U.S. Proposal — Call for respect for market mechanism and WTO rules. However, the U.S. proposal violates this principle by continuing to use the capital affiliation concept, and by advocating a unilateral approach targeting only the Japanese market.

* Japanese Proposal — Call for respect for market mechanism and WTO rules.

* U.S. Proposal — Continue bilateral government meetings. Once a year.

Issues to discuss: Review of progress made in user-supplier cooperation; assessment of progress made in improving market access, apparently meaning increased market share and policies and cooperative activities relating to environmental issues, standardization, intellectual property rights, liberalization of trade in third countries and development of new markets.

* Japanese Proposal — Initiate multilateral government meeting. Once a year.

Issues to discuss: Eliminating market barriers; regulation and taxation; basic scientific research; promotion of information society and future prospects of semiconductor industry; issues as appropriate, potentially including environmental and safety issues, intellectual property rights, and standardization and additional policy issues as recommended by industry.

* U.S. Proposal — Permit third-country participation only after agreement to eliminate tariff and non-tariff barriers.

* Japanese Proposal — Call for multilateral relationship, with original members including U.S., Japan, and EU. Other countries which produce and consume semiconductors above specific levels should be invited to participate.

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Japan: MITI Issues 'Opinion' on Semiconductor Arrangement

OW1707034396 (Internet) Japanese Ministry of International Trade and Industry WWW in English 16 Jul 96

[FBIS Transcribed Text] Opinion of MITI

July 16, 1996

The U.S.-Japan Semiconductor Arrangement is Based upon Principles that are Inconsistent with Free Trade and Open Markets. It should not be Extended or Renewed after it Expires on July 31, 1996.

It is the opinion of the Japanese Government that the U.S.-Japan Semiconductor Arrangement is inconsistent with the underlying concept of free international trade embodied in the principles of the World Trade Organization (WTO). Extension or renewal of the Arrangement would permit these distortions to continue and undermine the positive effects that free trade and open markets bring to industrial-users and consumers around the world.

Specifically, the U.S.-Japan Semiconductor Arrangement uses "capital affiliation" (the nationality of the majority ownership of the manufacturing firm) to calculate foreign markets share in Japan. This violates accepted principles of free trade including "Most Favored Nation Treatment" and "National Treatment." Nevertheless, in its proposal for a new agreement, the U.S. Government still demands that capital affiliation remain the sole measures by which foreign markets share in Japan is calculated. FACT 1

Capital Affiliation Violates the Basic Trade Principle of Most Favored Nation Treatment.

Using capital affiliation to calculate foreign market share discriminates in favor of U.S. capital-affiliated firms, whether their manufacturing facilities are based in the U.S., Japan or any other nation. This is contradictory with Most Favored Nation Treatment, which demands that all trade flows be treated on an equal basis.

GATT Article 1 (General Most Favored Nation Treatment) Any advantage, favor, privilege or immunity granted by an contracting party to any product originating or destined for any country shall be accorded immediately and unconditionally to the like product originating in/or destined for the territories of all other contracting parties. For Example

Semiconductors manufactured in Singapore by U.S. capital-affiliated firms included in the market share calculation and measures to increase market access opportunities for semiconductors manufactured in the

U.S. by Japanese capital-affiliated firms excluded from the market share calculation and measures to increase market access opportunities. FACT 2

Capital Affiliation Violates the Basic Trade Principle of National Treatment.

Using capital affiliation to determine market share violates National Treatment which requires that all trade flows be treated equally with domestic transactions. Under the current Arrangement, trade flows between the same combination of countries can be treated differently due to the differing capital affiliations of the manufacturers.

GATT Article 3 (National Treatment) The products of the territory of any contracting party importing into the territory of any other contracting party shall be accorded to the like products of national origin. For Example

Semiconductors manufactured in Singapore by Japanese capital-affiliated firms excluded from the market share calculation and measures to increase market access opportunities. Semiconductors manufactured in Japan by U.S. capital-affiliated firms included in the market share calculation and measures to increase market access opportunities.

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Tokyo, Washington Start Two-Day Insurance Talks
OW1707021196 Tokyo KYODO in English
0201 GMT 17 Jul 96

[FBIS Transcribed Text] Tokyo, July 17 KYODO — Japan and the United States started two-day working-level talks in Tokyo on Wednesday in a bid to settle their insurance dispute by the July 31 deadline.

The meeting is being attended by Haruhiko Kuroda, head of the Finance Ministry's Institute of Fiscal and Monetary Policy, and Deputy Assistant U.S. Trade Representative James Southwick.

Kuroda became the institute chief last Friday after serving as deputy director general of the ministry's International Finance Bureau. He continues, however, to be in charge of insurance negotiations with the U.S.

At a peripheral meeting of the summit of the Group of Seven (G-7) industrialized countries in Lyons, France, in late June, Prime Minister Ryutaro Hashimoto and U.S. President Bill Clinton agreed to strike a deal on the insurance issue by the end of July.

The two countries are at odds over the interpretation of deregulation measures relating to so-called "third sector" products under the 1994 bilateral insurance agreement.

The third-sector covers such areas as sickness, and accident and nursing care insurance, which fall into a gray zone between the primary life and nonlife insurance sectors.

Japan: Villagers Angered by Statement on U.S. Helicopter Landing

OW1607143996 Tokyo KYODO in English
1418 GMT 16 Jul 96

[FBIS Transcribed Text] Nagoya, July 16 KYODO — A U.S. Navy helicopter made an emergency landing Tuesday in the grounds of a junior high school in a village in central Japan, leaving villagers outraged by a U.S. Navy statement that it was a good chance for them to see a new chopper.

There were no injuries or property damage because the ground of Shimoyama Junior High School was deserted at the time because of lunch, local police said.

Residents of the village of Shimoyama, Aichi Prefecture, were angered by the U.S. Navy statement rather than the emergency landing by the SH-60B helicopter.

The village is about 40 kilometers southeast of Nagoya.

"Local neighbors were curious about the aircraft and had an opportunity to see the state-of-the art seahawk helicopter up close," the statement said.

Shimoyama Deputy Mayor Takahisa Ando said the statement was taken as giving the impression that villagers had welcomed the landing. "The emergency landing was simply regrettable," Ando said.

"If children had been in the ground, there would have been a disaster," said a teacher at the junior high school.

According to the navy statement, the helicopter belongs to Helicopter Antisubmarine Squadron (light) 51 at the Atsugi base near Tokyo.

The helicopter made the emergency landing after the crew noticed the transmission oil pressure gauge had fallen to near zero, the statement said.

The seahawk chopper with a four-member crew aboard left the Japanese Air Self-Defense Force's Komaki base north of Nagoya and was on its way to the Atsugi base in Kanagawa Prefecture near Tokyo, Komaki base officials said.

The Komaki base officials said the chopper made an emergency landing at the base Monday because of similar trouble.

Japan: Police Question U.S. Navy Sailor Over Robbery

OW1607145196 Tokyo KYODO in English
1404 GMT 16 Jul 96

[FBIS Transcribed Text] Nagasaki, July 16 KYODO — Police said Tuesday they have questioned a U.S. Navy sailor over an early morning attack against a 20-year-old woman, who was slashed on the throat with a knife in Sasebo, Nagasaki Prefecture in southwestern Japan.

Police will ask the U.S. military in Japan to help Japanese police arrest the suspect as soon as they have more evidence, police officials said.

The suspect, a 20-year-old crew member from the U.S. guided missile frigate McClusky, has denied any involvement in the matter, they said.

According to police, Kaori Tanigawa was slashed on the throat by a man who approached her from behind while she was walking near a park around 1 A.M. Tuesday.

Tanigawa, who suffered from a serious injury, was quoted as telling police in writing, "I was deprived of my handbag. It looked like a foreigner."

Police found the bag near a hospital about 200 meters away from where the crime occurred, the officials said. It is not immediately known how much money was in the handbag.

They have also asked U.S. military authorities for cooperation in the investigation, they said.

The McClusky was docked at the Sasebo Naval Base until Tuesday evening.

Japan: Recent U.S. Forces-Related Crimes Noted in Sasebo

OW1707105896 Naha RYUKYU SHIMPO
in Japanese 17 Jul 96 Morning Edition p 6

[FBIS Translated Text] Criminal incidents involving U.S. servicemen have been repeatedly occurring over the last few years in Sasebo, Nagasaki Prefecture which hosts a U.S. naval base. The Nagasaki prefectural police and other authorities are currently questioning a U.S. serviceman in connection with a case in which a woman was attacked early on the morning of 16 July. Depending on the outcome of the investigations, public opposition to the presence of the naval base could further mount.

In Sasebo, a U.S. Navy seaman apprentice (20 years old at the time) who tried to strangle a Japanese woman whom he was living with was sentenced to four years in prison on charges of attempted homicide in August 1995. In November of the same year, Sasebo police

caught a seaman (20 years old at the time) in the act of robbery and arrested him on the spot. The sailor was a crew member aboard the U.S. Navy's amphibious assault ship Belleau Wood, which is stationed at Sasebo Naval Base.

Later on, in June of this year, the Public Affairs Office of the U.S. Navy, Japan (located in Yokosuka, Kanagawa Prefecture) announced that disciplinary action was taken against a noncommissioned officer who was a crew member of the Belleau Wood for his sexual misconduct against a Japanese girl. However, no details of the incident have been disclosed.

Japan: U.S. Preparing for Cargo Flight Sanctions on JAL

OW1707003896 Tokyo KYODO in English
2352 GMT 16 Jul 96

[By Kohei Murayama]

[FBIS Transcribed Text] Washington, July 16 KYODO - The United States launched proceedings for sanctions on Japan Airlines (JAL) on Tuesday in reaction to Japan's refusal to accept flight requests by U.S. cargo carrier Federal Express Corp. (FedEx).

The U.S. Transportation Department issued a "show-cause" order for taking comments until July 31 to "review these comments before issuing a final decision" on its proposed sanctions. It did not specify the deadline for the decision.

The department cited "Japan's failure to honor its commitments under the U.S.-Japan bilateral aviation agreement" by refusing to approve FedEx flights between Japan and five other Asian destinations.

The sanctions would prohibit JAL from carrying on "any scheduled all-cargo flight operating from Japan to the United States any cargo traffic that is carried to Japan on any service of any Japanese air carrier" from the same five Asian airports.

FedEx had planned to begin July 1 the requested new summer schedules — increasing flights from the Kansai International Airport in Osaka to Manila and Cebu in the Philippines, and Jakarta, and starting new flights from Kansai to Shanghai and Beijing.

"On many occasions during the last several months, we have informed Japan that its failure to approve these Federal Express services would be viewed by the United States as a serious matter," Transportation Secretary Federico Pena said in a statement.

"We will vigorously defend the rights of U.S. carriers abroad, and act accordingly when these rights are denied," he said.

The U.S. maintains the 1952 bilateral aviation treaty entitles FedEx and two other U.S. carriers — Northwest Airlines and United Airlines — to freely open new routes and boost flight frequencies, including services beyond Japan to other countries, called "beyond rights."

But Japan insists that the use of such rights should be limited until the current flight imbalances between U.S. and Japanese carriers are rectified.

In the FedEx case, Japanese officials said Tokyo is reserving its approval partly because the U.S. carrier has refused to submit business and other documents for scrutiny and is instead calling for immediate permission under its beyond rights.

The Japanese officials said Tokyo is considering retaliatory action if Washington imposes sanctions.

The U.S. move comes just about one year after it last proposed sanctions against Japanese carriers due to Tokyo's refusal to approve similar requests by FedEx to operate beyond Japan to other Asian countries.

Japan subsequently approved the FedEx requests in return for the U.S. agreeing to begin talks on reviewing the cargo portion of the bilateral aviation treaty.

In March, the two nations reached an agreement on the cargo talks by devising measures to address immediate concerns of U.S. and Japanese carriers, but left unresolved the differences over the beyond rights.

Tokyo and Washington are now proceeding with talks over the passenger portion, but remain apart over the same rights.

Japan: Transport Ministry Weighs Retaliation in Air Cargo Dispute

OW1707063596 Tokyo KYODO in English
0610 GMT 17 Jul 96

[FBIS Transcribed Text] Tokyo, July 17 KYODO — The Japanese Transport Ministry is considering retaliatory action toward the United States over its launching of proceedings for possible sanctions against Japan Airlines (JAL) cargo flights, ministry officials said Wednesday.

The action would prohibit U.S. airlines from operating flights to Asian countries under "beyond rights" to freely open new routes and boost flight frequencies beyond Japan to third nations, the officials said.

Washington launched proceedings for the sanctions Tuesday in reaction to Japan's refusal to accept flight requests by U.S. cargo carrier Federal Express Corp. (FedEx).

The Transport Ministry is reserving its approval on establishment of five flights requested by (FedEx).

FedEx had planned to begin on July 1 the requested new summer schedules — increasing flights from Kansai International Airport in Osaka to Manila and Cebu in the Philippines, and Jakarta, and starting new flights from the airport to Shanghai and Beijing.

The ministry says U.S. airlines have no vested rights for flights to the Chinese cities while necessary documents were not submitted for approval of the remaining three routes.

Japan's reservation on the U.S. requests has been made in line with the bilateral aviation pact and the latest U.S. action is unacceptable, a senior ministry official said.

Japan: Okinawa Assembly Resolution on Return of MCAS Futenma

OW1707055396 Naha OKINAWA TIMES in Japanese
16 Jul 96 Evening Edition p 4

["Text of the resolution opposing the relocation of Marine Corps Air Station Futenma to other U.S. facilities in Okinawa unanimously adopted at the plenary session of the Okinawa Prefectural Assembly on 16 July"]

[FBIS Translated Text] It was decided in an interim report by the "Special Action Committee on Okinawa" on 15 April that the entire Marine Corps Air Station [MCAS] Futenma will be returned within the next five to seven years with some conditions.

In response to the decision, both the Japanese and U.S. Governments are reportedly studying a plan to construct a substitute heliport for MCAS Futenma on other U.S. facilities in Okinawa. It is also reported that the two governments are considering several candidate sites for the heliport construction.

However, various problems with the heliport construction in those candidate sites are pointed out — such as the expansion of noise pollution area, risks of accidents, river pollution, and environmental disruption.

Okinawa Prefecture is a small island whose total land area comprises only 0.6 percent of the whole Japanese territory. However, approximately 75 percent of all military facilities in the exclusive use of the U.S. Forces in Japan are concentrated in our prefecture. These U.S. military bases take up approximately 11 percent of the land area of Okinawa Prefecture. On the main island, where most of the population and industries are amassed, the bases take up as much as 20 percent of the island land area. This is an extraordinary situation.

The presence of these huge military bases has greatly hindered the promotion of development in our prefecture and the establishment of a stable livelihood for the Okinawan people. Moving MCAS Futenma to other places in Okinawa will not only lead to a strengthening of U.S. military base functions, but also runs counter to moves for the reorganization and reduction of bases. We can by no means approve the relocation.

For these reasons, the Okinawa Prefectural Assembly strongly demands that both the Japanese and U.S. Governments promote the implementation of an overall return of MCAS Futenma from the standpoint of lessening the Okinawan people's heavy burden of military bases and that they give up the plan of relocating MCAS Futenma to other U.S. facilities in Okinawa, which will lead to a strengthening of military base functions.

Our assembly adopts the above-mentioned resolution.
16 July, 1996

The Okinawa Prefectural Assembly

The resolution will be sent to President of the United States William Jefferson Clinton, Secretary of Defense William Perry, and U.S. Ambassador to Japan Walter Mondale.

The opinion letter (which includes a request of the same content) will be sent to Prime Minister Ryutaro Hashimoto, Foreign Minister Yukihiko Ikeda, and Defense Agency Director General Hideo Usui.

Japan: Okinawa Landowner To Sue Government for Return of Land

OW1707095296 Tokyo KYODO in English
0831 GMT 17 Jul 96

[FBIS Transcribed Text] Naha, Japan, July 17 KYODO — The owner of a plot of land occupied by a U.S. military facility in Okinawa Prefecture will file suit next week against the central government demanding the return of his land, his defense counsel said Wednesday.

Shoichi Chibana, 47, will request the return of the 236-square-meter plot within the U.S. Navy's Sobe Communications Facility in the village of Yomitan in Japan's southernmost island prefecture of Okinawa.

Although the forced lease for the land expired at the end of March, the government continues to lease it to U.S. forces without any clear legal basis.

The lawsuit is likely to be filed by Chibana with the Okinawa branch of the Naha District Court, with himself as the only plaintiff, the counsel said.

As Okinawa Gov. Masahide Ota has rejected the steps needed to renew the forced lease, the central govern-

ment has filed suit against Ota, with the first hearing scheduled for July 29.

The defense counsel said Chibana is taking the action against the central government before Ota's trial starts so that he can appeal anew to the public about the "illegal occupation" by the state.

Chibana filed a lawsuit with the Naha District Court on April 1 demanding access to and return of his land. But he later dropped the latter request to focus on the access case.

Under court-mediated settlement with the central government, Chibana entered the plot twice, May 14 and June 22, in preparation for the filing of his suit.

Tokyo Urges U.S. To Use Anti-Cuba Law Carefully OW1707084496 Tokyo KYODO in English 0744 GMT 17 Jul 96

[FBIS Transcribed Text] Tokyo, July 17 KYODO — Japan wants the United States to use its sanctions aimed at Cuba in a careful fashion, a Foreign Ministry spokesman said Wednesday. "We hope the Helms-Burton act will continue to be used in a careful manner," spokesman Hiroshi Hashimoto said in a statement in reference to the controversial U.S. law punishing foreign investors for doing business with Cuba using U.S. assets seized by the communist country.

He also noted Japan will continue to press Cuba to promote democracy in the country.

Hashimoto issued the statement one day after U.S. President Bill Clinton ordered the measure to take effect, but delayed its practical impact for six months to appease U.S. allies who threatened retaliation.

The U.S. law was passed after Cuba shot down two U.S. civilian aircraft in February, killing four people.

Cuba claims the planes had intruded into its airspace, and the U.S. says the planes, operated by Cuban exiles in Miami, were flying over international waters.

Japan: Government To Approve CTBT Final Draft OW1607143296 Tokyo MAINICHI SHIMBUN in Japanese 16 Jul 96 Morning Edition p 3

[By reporter Takuro Kawade]

[FBIS Translated Text] On 15 July, a senior Ministry of Foreign Affairs [MOFA] official disclosed that in regard to the Comprehensive Test Ban Treaty (CTBT) negotiations to be resumed at disarmament talks in Geneva on 29 July, the Japanese Government has firmed up its intention to approve the final draft of the CTBT worked

out by Jaap Ramaker (of the Netherlands), chairman of the negotiations. The government's reasoning is as follows: 1) If the CTBT is not adopted within a week after resumption of the disarmament talks, it would be impossible to have relevant countries sign the treaty within the year because of the necessary paperwork involved; and 2) to negotiate anew on the treaty contents would make it impossible to arrive at a conclusion in a short time. For its part, the government "is not fully satisfied with the final draft" (according to a senior MOFA official), but it will approve the draft since it has concluded that to promote disarmament, giving utmost priority to having the treaty signed within the year is necessary.

Chairman Ramaker submitted the final draft of the CTBT on 28 June. The point of contention in the negotiations is the requirements under the chairman's draft. It is required that the treaty be ratified by 44 major nations, including the three nuclear threshold states, India, Pakistan, and Israel, in addition to the five declared nuclear powers. Otherwise, countries that ratify the treaty are to hold conferences every year — after three years have passed since the signing of the treaty — to discuss terms for bringing it into effect.

The government initially planned to insist on reviewing the conditions for bringing the treaty into effect at the next round of disarmament talks because, among other reasons, India had already declared that it would not sign the treaty and, therefore, it would be hopeless to expect that the final draft would lead to the treaty's taking effect quickly. However, since discussing the contents would lead to repetitious debate and due to a strong possibility that the signing of the treaty within the year may become difficult, the government will approve the final draft.

Japan: Foreign Minister Urges Early Conclusion to Test Ban Treaty

OW1707024696 Tokyo KYODO in English
0122 GMT 17 Jul 96

[By Mie Kawashima]

[FBIS Transcribed Text] Hiroshima, July 17 KYODO - Japanese Foreign Minister Yukihiko Ikeda called for an early conclusion of a comprehensive nuclear test ban treaty (CTBT), as he spoke at the outset of the four-day UN Conference on Disarmament issues in Hiroshima on Wednesday.

"I strongly hope that every country will deal constructively and flexibly with the issue by the time a third round of the conference on disarmament convenes in late July," Ikeda said in a speech to the gathering's opening session.

The foreign minister, representing the Japanese Government, urged India to rethink its decision not to accept a CTBT draft ironed out late last month through negotiations in Geneva.

Ikeda also expressed regret at China's 44th underground nuclear test June 8 and asked Beijing to abandon its plan to explode another nuclear device by September.

Jaap Ramaker, chairman of the negotiations in Geneva, submitted the final CTBT draft to the conference on disarmament on June 28.

Negotiating countries are to study whether to accept the draft by the time the talks reconvene July 29.

India and some other nations have voiced dissatisfaction with the draft over conditions under which the treaty would take effect and procedures for inspection of nuclear facilities in countries suspected of conducting tests.

At Wednesday's session, Prvoslav Davinic, director of the UN Center for Disarmament Affairs, said the Hiroshima conference, the eighth of its kind in Japan since 1989, marks efforts for dialogue toward nuclear and conventional disarmament in the post-Cold War era.

Sixty-two diplomats, academics, government officials and other experts, of whom 28 came from abroad, are attending the conference in the western Japanese city devastated by the world's first nuclear attack Aug. 6, 1945.

The participants are to discuss disarmament freely in their individual capacities, aiming at encouraging international disarmament initiatives.

Ramaker initially planned to attend the gathering but canceled his participation shortly before the beginning of the meeting because of a tight schedule related to the CTBT talks.

At the opening session, Hiroshima mayor Tadashi Hiraoka praised the July 8 decision by the International Court of Justice that the threat or use of nuclear weapons generally goes against international law but criticized the court's avoidance of stating an opinion on the use of nuclear arms as means of self-defense.

Nagasaki mayor Itcho Ito voiced disappointment that Ramaker's CTBT draft failed to stipulate total abolition of nuclear tests, including computer simulation.

Japan: SDP's Ito Comments on East Asian Security Situation

OW1707063296 Tokyo NIHON KEIZAI SHIMBUN
in Japanese 16 Jul 96 Morning Edition p 2

[Interview with Shigeru Ito, Social Democratic Party vice president and Policy Board chairman, by NIHON KEIZAI SHIMBUN editor Hisayoshi Ina; fourth in series entitled "Talks About Security": "East Asian Situation — Aid Necessary To Help Stabilize DPRK"; place and date not given]

[FBIS Translated Text] [Ina] The concept of a "multilateral security forum" which you advocate is not expected to have any compulsory power. Do you not think that it is necessary to have a system backed by military force, as in the case of the Japan-U.S. security arrangement?

[Ito] You cannot expect true stability based simply on building a bilateral relationship. At the same time, I believe that it would be unrealistic to try to form a multilateral forum without building bilateral ties. What is very important is their combination. In Europe, there exists a large grouping known as the Organization for Security and Cooperation in Europe (OSCE). However, they still have the powerful NATO intact.

No multilateral forum [on security] exists in Asia; only bilateral relationships exist. We need to do a lot of thinking about how to change this. When I met ROK Foreign Minister Kong No-myong recently, he said: "I wonder if it might be possible to create within the ASEAN forum a framework that includes countries in the Asian Far East." Apparently, his idea is to study the possibility of having more people like civilians, politicians, scholars, or whoever to come to the table for discussion if this cannot be done immediately by government representatives. When I recently visited the PRC, I told Chinese authorities that Japan and the PRC ought to play active roles to help create a multilateral forum.

[Ina] Would you not say this multilateral forum is intended to check the PRC?

[Ito] When you try to create a multilateral forum, it will probably not work out if some big, powerful country tries to be the leader. Regarding the PRC's future, the United States has begun to aim at Chinese engagement [in international affairs] rather than trying to keep the country isolated. Regarding the issue of how to get along with the PRC, it may be necessary to seek consensus via exchanging views at various levels.

[Ina] What is your view of the DPRK (North Korea) situation?

[Ito] I am deeply concerned about the realities facing the DPRK. There will be immeasurable impact if some unfortunate incident should occur. That will equally affect the ROK, the PRC, and Russia, too.

The SDP has had a long relationship with the DPRK. I believe that to give advice in a strict and straightforward manner on how to carry on properly as a member of the international community is a sign of true friendship. For example, since the DPRK is suffering from energy and food shortages, I believe that the country will cease to exist unless it fosters, among other things, heavy industries which have added value. I think the country needs capital, manpower, and technology. Should there emerge a political system that will enable the country to do those things, Japan has many ideas it can provide. Ostentatious debates have been conducted presuming an emergency [on the Korean peninsula], but in the end, it will all turn out to be like what happens in Aesop's fable, "The North Wind and the Sun."

[Ina] Would not a real friend tell North Korea to amend its military-oriented government structure?

[Ito] I believe that intellectuals in North Korea who are well-educated about the world are deeply concerned about their country. As a good neighbor and friend, we would like to help as much as we can if North Korea wants to go in the right direction. Tentatively, the key to that is how we can break the ice.

Japan: Foreign Ministry Spokesman on Arms Export Control Accord

OW1707054696 (Internet) Japanese Ministry of Foreign Affairs WWW In English 13 Jul 96

[Statement by Press Secretary Hiroshi Hashimoto on the Adoption of the Initial Elements of the Wassenaar Arrangement on Export Controls for Conventional Arms and Dual-Use Goods and Technologies issued on 13 July; from the "What's New" link]

[FBIS Transcribed Text] 1. Japan welcomes the adoption by the Resumed Plenary Meeting, held in Vienna on 11 and 12 July, of the Initial Elements of the Wassenaar Arrangement which outline the framework of the Arrangement. It also welcomes the agreement on the implementation of coordinated export controls beginning by about 1 November 1996.

2. In the post-Cold War world, there is an increasing demand for efforts to prevent the excessive transfer and accumulation of conventional arms that could lead to regional instability. Japan attaches great significance to the international agreement among participating states, including the Russian Federation and Eastern European countries, on the introduction of export controls for

conventional arms and related dual-use goods and technologies. Japan intends to continue to work toward the further development of this international export control regime. Notes: 1. The Wassenaar Arrangement is named after the Dutch town where negotiations were held for more than two years toward the establishment of the Arrangement. Among 33 participating countries are Japan, the United States, the Russian Federation and European countries, including Bulgaria and Ukraine, both of which were accepted in this Plenary as founding members of the Arrangement. Its secretariat will be located in Vienna, Austria. 2. The objective of the Wassenaar Arrangement is to promote transparency and greater responsibility in transfers of conventional arms and sensitive dual-use goods and technologies. The countries participating in the Arrangement will exchange detailed information on arms and dual-use goods and carry out coordinated export control. 3. At the Plenary Meeting held in April, participating countries were unable to achieve a consensus on the content of the Initial Elements, resulting in the resuming of the Assembly in July.

Japan: Kubo Says No Conclusion Made on New Fiscal Action

OW1707073696 Tokyo KYODO in English
0652 GMT 17 Jul 96

[FBIS Transcribed Text] Tokyo, July 17 KYODO — Finance Minister Wataru Kubo said Wednesday his ministry has yet to reach a conclusion on whether to take new fiscal action to ensure Japan's economic recovery.

The ministry is now "carefully assessing the strength of economic recovery" in the first half of this year, Kubo said in a question-and-answer session after a speech at the foreign correspondents' club of Japan in Tokyo.

Some ruling coalition members and business leaders have been calling on the government to compile a supplementary budget this fall as the effects of last September's record 14.2 trillion yen pump-priming package are expected to decline in the second half of fiscal 1996, from October to March.

On monetary policy management, Kubo said he supports the policy of the bank of Japan (BOJ) of giving priority to ensuring Japan's budding economic recovery.

He dismissed market speculation about an early hike in the official discount rate, which has been left unchanged at a record low of 0.5 percent since last September.

While noting the discount rate should be left to the BOJ's discretion, Kubo said he has yet to make any consultations with the central bank on interest rate policy.

The speculation of the rate increase was triggered by a Sunday newspaper story that the BOJ may raise the discount rate by half a percentage point to 1 percent as early as this month.

The move to up the rate the BOJ charges on loans to commercial banks would come amid Japan's expanding economic recovery, the story said.

On the current economic situation, Kubo said recent economic data indicate the Japanese economy is shifting from a recovery underpinned by public investment to a self-sustainable recovery led by private-sector demand.

As an example, Kubo cited the robust growth seen in Japan's gross domestic product (GDP) in the first quarter of 1996.

The January-March GDP grew at an annualized rate of 12.7 percent, the highest growth in 23 years for the period, according to the government's economic planning agency.

Kubo, however, said the pace of economic recovery remains "moderate," adding that he is concerned about high unemployment levels.

Kubo indicated difficulties remain in rebuilding Japan's strained finances, saying there is a large amount of "hidden" debts in addition to debts in the form of government bonds.

Kubo said debts left by the Japanese National Railways (JNR) currently total about 27 trillion yen.

Even if the government sells land and other assets of the JNR, some 20 trillion yen will remain as national debts, he said.

The JNR was privatized and broken up into several companies in 1987.

Japan: Experts Discuss Crisis Management Needs

OW1607143796 Tokyo RONZA in Japanese Aug 96
pp 10-19

[Roundtable discussions by Atsuyuki Sassa, former director of the Cabinet Security Affairs Office; Shunji Taoka, ASAHI SHIMBUN staff writer; and Takashi Higaki, freelance journalist; date and place not given]

[FBIS Translated Text] [Higaki] I would like you to begin by recounting experiences you have had in relation to security issues [anzen hosho].

[Taoka] Are we supposed to talk only in reference to the Japan-U.S. Security Treaty?

[Higaki] In Japan, there has been confusion on the meaning of security because of the people's tendency

to think "security" and the "Japan-U.S. Security Treaty" are the same thing. Frankly, I am not so interested in "Japan-U.S. security" issues but am very much in "security" issues. I think the primary reason the people have shunned tackling the "security" issue squarely head on is because the concept of security has been dwarfed and dominated by the "Japan-U.S. security" concept.

[Taoka] I agree with that view.

[Higaki] "Anzen hoshō" is "security" in English. In Japan, the word "security" makes most people think of Secom, the company that guards individual houses. Japanese people tend to think national crisis management and security are two completely different things. The reason I want to know about your personal experiences related to security is that I think your stories will explain how and why you came to be involved in the security issue and that they will serve a good purpose in making the readers understand the discussions to follow.

[Sassa] The day 25 June 1950 was a big shock to me.

[Higaki] That was the day the Korean war broke out, right? Were you not a freshman in college at that time?

[Sassa] I enrolled in college in 1950. With World War II having ended, I had lived thinking there was no more to worry about being drafted into military service anymore. Then the Korean war started. No one had even imagined such a war could happen. It was a result of a big gaffe made by then U.S. Secretary of State Acheson. He had declared that the U.S. defense line in the Far East covered the Aleutian Islands, Japan, and the Philippines, but not Korea south of the 38th parallel line. The story is that his declaration made Stalin and Kim Il-sung feel secure. Anyway, suddenly the Korean war broke out, and the U.S. forces under General MacArthur's command were soon pushed back into a bridgehead at Pusan. This development made me realize that in the harsh reality of power politics, it is only a dream to think that Japan can remain unarmed and live in peace, and that the international community will take care of security matters for it. Two years later, in 1952, Japan regained "independence" with the San Francisco peace treaty going into effect, and then signed the initial security treaty, a topic of debate even now.

[Higaki] The treaty was intended to enable the U.S. forces to maintain their bases in Japan, right?

[Sassa] Right, it was meant to enable the U.S. forces, which had come in as occupying forces initially, to remain stationed in Japan.

[Taoka] The Korean war was underway at that time. The treaty was intended to enable the U.S. forces to

continue their operations in Korea, using bases in Japan, though Japan had become independent by signing a peace treaty. Japan had no other choice but to agree to it as the nation was so eager to conclude a peace treaty with the United States.

[Sassa] But the old security treaty kept Japan an occupied country, and not sovereign. As early as 1952, people started to complain about it, and a campaign demanding its revision started. Now almost no one remembers what that old security pact was. It is not even carried in the Law Compendium. It was a very short protocol.

[Higaki] The whole thing was made up of five articles. Probably not even students or law school graduates have read it. Not to mention the old treaty, no law colleges — at least no state-run law colleges — have in their curriculum a course dealing with the security treaty revised in 1960. All that the students can hear in school is when a professor of Constitution says, "The security treaty exists as part of Japan's legal system in major conflict with the Constitution."

[Sassa] While attending a course on the Constitution given by Prof. Toshiyoshi Miyazawa in 1950, I came to have questions about the Constitution. Article 9 bans Japan from having war potential to defend itself, and Article 98's first clause says: "This Constitution shall be the supreme law of the nation, and no law, ordinance, (passage omitted), contrary to the provisions hereof shall have legal force or validity." And its second clause adds: "Treaties concluded by Japan and established laws of nations shall be faithfully observed." So I once asked Prof. Miyazawa if Japan's joining the United Nations would not constitute a violation of Article 9 of the Constitution in view of the fact that the UN Charter approves exercise of force to ensure security.

The professor got really upset, and shot back at me, "Don't you know the Constitution and treaties are on a par?" There was no way of getting good scores if I wrote in objection to what he said. So I swallowed his story, but still could not understand him.

[Higaki] UN Charter Article 39 states that the UN Security Council determines the "existence of an act of invasion"; and in Article 42, it adds that the council "can employ air, navy, or army forces necessary to maintain or restore international peace and security."

[Sassa] There is no question that government leaders initially felt strongly about the need to rely on the United Nations for security. But then the Korean war broke out, and doubts about UN capabilities to maintain international peace arose. I thought UN Charter Article 42 was in conflict with Constitution Article 9, and was

also convinced that Japan needed capabilities to defend itself. But there were no Self-Defense Forces [SDF] when I was a student. They came into being later, but there were no senior officers' positions until 1955. That is why I decided to choose the career of police officer. I thought what Japan needed was reform inside the system. I dared to make the police my career when no one wanted it in those days.

Security Measures To Deal With Low-Level Conflicts Like Terrorist Acts and Refugee Exodus Following North Korea's Collapse Are Important — Says Sassa

[Higaki] Japan was admitted to the United Nations on 18 December 1956. Two years later, the Kishi government and Secretary of State Foster Dulles started negotiating on a revision of the security treaty. I was born around that time. But by then, Constitution Article 9, the SDF, and the United Nations, of which Japan was already a member, had been in existence for some time. As such, even if some people insisted the SDF was unconstitutional, it had no meaning to me except as a concept. "Debates" were conducted between those who were set to oppose the security alliance and those who were set to support it and between those who believed the SDF were constitutional and those who believed they were unconstitutional. Unfortunately, the debates were between those who had set their minds from the beginning. And fortunately, the people lived in a time when they were able to indulge in such debates peacefully. In those days, the news media had economics and science reporters, but almost no defense reporters. Nor were there any reporters who knew enough about military affairs. If a news agency wanted to train someone as a defense reporter, that was considered an act of leaning toward the right in policy line, was it not?

[Taoka] At least ASAHI SHIMBUN did not think that way.

[Higaki] Do any local newspapers have defense reporters now? The OKINAWA TIMES and RYUKYU SHIMPO in Okinawa have one each. That is all as far as I know.

[Taoka] That is because Japan in general has not cared about military issues. Japan has felt it had enough of the military following the country's defeat. Japan has been busy doing everything it can to reconstruct its economy, closing its eyes to the issues of security or pollution. Besides, all that Japan could do in foreign and defense policies was to follow the United States, anyway. Japan has had no capabilities to decide on its own. When the war broke out in Korea, MacArthur told Japan to form the police reserve forces and Japan did as it was told.

In fact, the report on it was an ASAHI SHIMBUN scoop. A political reporter covering the Prime Minister's Official Residence [PMOR] learned about the UN General Headquarters' request to the government to activate police reserve forces, and phoned his boss on the political desk. But his report coming like a bolt out of the blue as it did, the editor had no idea what he meant. "A Tory's reserve? Why that when there is Suntory [whisky]?" the editor asked. The reporter was flustered, "No, no, this is a policeman's reserve." But the editor was still puzzled, "So, the United States is asking Japan to produce whisky for exclusive use by police?" I understand this kind of exchange took place between the reporter and the editor.

Anyway, I told ASAHI SHIMBUN from the beginning that I wanted to be a defense reporter, and ASAHI accepted my request, saying they needed one. ASAHI was not so left-leaning as one might have thought. At an employment interview, I was asked what defense policy I thought was desirable for the nation. I answered: "Unarmed neutrality is absurd. It is impossible for a nation without arms to defend its neutrality. Basically, the safest path for Japan to take — in view of its history — is to prepare and arm itself solidly, but not to join a military alliance." All the big wigs at the interview said they "liked" my view. As promised at the interview, I was later assigned to cover the Defense Agency after a short stint in a local newspaper branch. I was 26 at that time.

[Sassa] Armed neutrality is totally out of common sense when viewed from the international politico-military perspective. I saw that from my college days. Being a neutral nation means the nation would have to shoot down every airplane that intrudes into its territories of land, air, and sea. During World War II, Switzerland shot down not only German and Italian military airplanes, but also Allied Forces' airplanes that came within its territories.

Suppose Japan was a neutral country, and a war broke out between the United States and the Soviet Union. Could Japan shoot down planes from either of the two countries? I thought the talk about an unarmed neutral country was simply a product of inadequate study. Not even politicians did any studies on military diplomacy professionally. Among those who served as prime minister, Yasuhiro Nakasone was the only one who had some understanding of it.

After the war ended, Japan gave priority to economics, and it was correct to take the policy of giving priority to economic reconstruction. As for security, Japan thought that since it was defeated in the war, it should let the

United States take care of this matter. That thinking continues to date.

But, after all, improvement in social welfare benefits, promotion of science and technology, and so forth are possible only when there is security in people's lives, bodies, and property. Japanese have been able to live without thinking about that because peace and security came naturally to them by the miracle of history. Even now, this nation has a very small number of reporters specializing in military issues when compared to other countries.

[Higaki] Mr. Taoka, why did you volunteer to become a defense reporter?

[Taoka] I am embarrassed to talk about it, but will try to satisfy your interest. I began reading lots of newspapers when I was in middle school, and often held debates with my father who was an international law scholar. For instance, an anti-Soviet riot broke out in Hungary, and Soviet troops were sent into the country, but then were withdrawn. Then another riot breaks out there, and I would debate with my father on whether the Soviet troops would be sent back in.

The Soviet Union sent officials to meet with Tito, and I would discuss this with my father if this could be the groundwork for dispatching its troops. I did this kind of information analysis from the days of middle school. To me, military issues were not something special. After all, if one had good knowledge of world history, he could see — without having to learn about military issues and security at a school — that the pillars supporting a nation are military, economic, and information power.

If you ask me why I wanted to become a defense reporter, I must say that while in high school, I once thought about going to the National Defense Academy. There were some SDF judicial officers who were studying in the college where my father taught, and they used to come to my home. I talked with them, and when the talk came to war history and stratagem, I knew more than they, and they used to say "you can be a staff officer right now." So I came to think about becoming one actually. But then they told me, "Do not do that. There will not be a war." They told me when there is no war, the military is a useless, bureaucratic organization. They asserted life in the SDF would be tough because the SDF had not much to do. Eventually, I stopped thinking about going into military service, and decided I must become a military commentator.

[Higaki] What was your thinking about the Japan-U.S. security alliance?

North Korea Is Now in an Extreme State of Emaciation; I Cannot Think of a Need for Japan

To Study Logistic Support for Contingencies in the Far East — Says Taoka

[Taoka] To speak about the revision of the Japan-U.S. Security Treaty, when I was a college freshman, I thought the new treaty was more advantageous for Japan than the old treaty, whichever way one looked at it.

[Higaki] You thought the treaty advantageous for Japan, right? Does this mean you have always been negative about the campaigns protesting the security treaty as well as to the argument that Japan will get itself embroiled in a U.S. nuclear war because of the treaty?

[Taoka] The security treaty is something that is produced from clashing, calculating, and compromising national interests. Sentiments should not be allowed to impact on it. A cool judgment is in order as when making prediction on the economy. Emotions, justice sentiments, and ideologies get people killed sometimes. I have thought since my college days that, from the historical perspective, the safest path for Japan to take is to be like Sweden and to have substantial military power for itself, to act coolly, and not to join up with any other country.

[Higaki] No doubt, Japan is located in a relatively safe position geographically. The same thing can be said of it historically. To look back on history, Japan has almost always been on the side of starting a war.

The only times Japan got itself into a war without provoking it were when she was attacked by the Mongols twice in the 13th century. The Japanese thinking that not having arms is a good way of assuring peace is comical, but the thinking has its roots in Japan's history. In other words, the Japanese have lived thinking a war meant nothing more than invading another country.

But actually, an overwhelming number of nations believe the best way to protect peace is to strengthen military capabilities. But, in Japan, even the government has been slow in understanding this. The Ministry of Foreign Affairs (MOFA) initially believed the situation in the Persian Gulf could not lead to war. When the U.S. troops were being sent into the area, the MOFA officials remained cool saying that the United States did that sort of thing every year, and later changed its story to one asserting that the United States will go to war only if it thinks it can win and it can do so without losing more than 1,000 in casualties.

[Sassa] I remember the days when some people argued there were clean and dirty nuclear arms. According to them, the Soviet Union was a peace power, so it was all right for it to own nuclear arms. But the United States was a war power, so it must not have nuclear

arms. They said those things though it was clear that both nations' nuclear arms were unpermissible weapons of mass destruction. The people's views of weapons change by what ideologies they believe in. As Mr. Taoka noted, the problem does not get resolved by people calling war evil. The people must recognize the realities of a war very coolly, thinking about why a war breaks out. They must recognize the reality of a nation having no other choice but to study about how it can win a war, how not to get involved in a losing war, and how to weigh plus and minus elements in a war.

[Higaki] My father was a senior official of the Senior High School Teachers' Union. He thought the partisans who fought behind enemy lines in World War II were war heroes and bought his son books about them. That part of the story praising the partisans who rebelled against invaders might touch one's heart. But that same father "would not let his son take to guns." When I was in the graduating class of a high school, I wanted to apply for the National Defense Medical College, but his words were: "You can do anything but that."

[Taoka] In the past, the left wing used to talk about good and bad armed forces. But these days, the right wing is speaking in such a way. For instance, some people say Japan should contribute money to the U.S. forces because they are "public assets" defending world order. These people's thinking is based on the belief that the U.S. Armed Forces are good armed forces while other countries' armed forces are not. It is very much like saying one country's money is good but another's is bad — in economics. The sad fact is that such primitive arguments are everywhere in security debates.

[Higaki] Would you say the Japanese people saw national pride in retaining Constitution Article 9? The overthrow of the Shogunate and the reform of the Meiji era were carried out in as bloodless a manner as possible. And the people were banned from carrying swords. After Japan signed the surrender instrument with the United States on 2 September 1945, there were almost no incidents of Japanese shooting U.S. servicemen. After the war ended, Japan did not allow individuals to carry arms, and has since continued to ban arms. In Japan's modern history, the nation can be said to have gained from not arming, though, of course, the nation has never in fact been unarmed. Many people have the mistaken notion that Japan has had a time when it was unarmed.

[Taoka] But right now the pride in Article 9 is gone. In fact, the people are now belittling and ignoring it. The SDF's capabilities are relatively strong. They are comparable to those of any West European country. The people are now thinking that with the Cold War gone, it

does not matter if the U.S. forces are withdrawn or if the SDF are reduced. Actually, none of the U.S. forces in Japan are here to defend Japan. An alliance relationship is formed whenever there is a common enemy. Once that common enemy goes away, the alliance relationship also goes away. But of course, there is no reason for Japan to propose terminating the alliance relationship from its side, thus creating a cause for trouble in relations. Nonetheless, the stationing of troops is not synonymous with maintaining the alliance. I think the Japan-U.S. alliance relationship will continue even if and when the U.S. forces leave Japan.

[Sassa] As you said, there has never been a time when Japan was unarmed. In 1950, there were 300,000 troops in Japan, and MacArthur's headquarters was completely responsible for Japanese security. In that year, Japan activated the Police Reserve Forces of 75,000 men, which developed into the Security Forces with tanks and artillery in 1952. In 1954, these forces were transformed into the SDF with three branches of services — the army, navy, and air force.

And since there was the Japan-U.S. Security Treaty, there was no need to depend on the United Nations for security. Nor did the United Nations need to concern itself about Japan's security. But there are increasing signs that the Korean peninsula situation will turn into a matter for the United Nations. If North Korea comes to be nuclearly armed, the younger generation of Japanese may start to insist Japan should also be nuclearly armed.

[Higaki] I have noticed that there are considerable differences between you two in interpreting the North Korean situation. Mr. Sassa thinks Japan should have a crisis consciousness about North Korea, but Mr. Taoka thinks a North Korean armed forces threat is out of the question. Mr. Taoka thinks similarly about China, noting that that country's military budget is about the same as that of Yamagata Prefecture, Japan. I myself once saw North Korean troops training in a village. Their arms were so outdated as to make me wonder if they came from pre-World War I days.

Japan Needs a National Security Information Bureau To Be Able To Make Its Own Decisions on National Security Issues — Says Higaki

[Taoka] In military strength, North Korea comes behind South Korea. Almost all growth in China's military budget is eaten away by inflation, thus making it impossible to adequately renew arms and equipment. In the past, North Korea had the Soviet Union and China to support it, but these two countries are friendly with South Korea now. In addition, the Russian armed forces are hollowing out. North Korea is now at the

verge of collapsing from a major famine. I doubt it has capabilities to initiate an attack. It has no fuel either. It cannot afford to conduct even pilot training. Conditions are so bad as to make me wonder if it still has airplanes flying when I heard that a North Korean Air Force captain defected to the South in a MiG-19 recently.

[Higaki] But that country still has some 100,000 special forces troops. It is a terrorist country that no country knows what it is up to.

[Taoka] In time of war, all countries are desperate. They will do anything they can. But basically what counts is military capabilities. North Korea's gross national product (GNP) is about six-tenths of Okinawa's. Almost all the arms and equipment it has are outmoded. Its physical war capabilities are poorer than Iraq's.

[Higaki] As far as nuclear arms are concerned, it is more likely that India and Pakistan have them than North Korea does. But North Korea is suspected of having been involved in a number of terrorist incidents, like assassinating government leaders and dynamiting a commercial aircraft. It is one of the countries that would not hesitate to fly around dropping toxic sarin bombs from helicopters. The possibility of it doing that has nothing to do with its GNP, does it?

[Taoka] If a country can win a war by terrorist acts and with sarin bombs, no country would need to have armed forces. A war is a clash of nations with all of their powers thrown in. In case of a war in Korea, the U.S. and South Korean forces will have an absolute command of the air, and thus will be able to strike invading forces from the air. North Korea will come under ferocious aerial bombing, and there is no doubt that the war will end in South Korea's victory.

[Sassa] At present, the U.S. Government defines North Korea as a "terrorist supporting country." After the Cold War ended, the U.S. Government started to use the expression low-dimension conflicts to describe terrorist acts, assassinations, and destructive actions against a country. North Korea is a country with a high danger of starting such low-dimension conflicts. Mr. Higaki has just referred to the 100,000 special forces troops. This is a very serious matter. There is no other nation in the world which has 100,000-man special forces in its military strength.

[Higaki] One of the biggest possibilities with North Korea is that a civil disturbance will break out of it, leading to catastrophic destruction. In other words, there is a strong possibility that it will not die in euthanasia.

[Sassa] One possibility is that it will launch a limited war that could be called a hostage-taking war launched by throwing in the 100,000 special forces in a surprise

attack on Seoul. After taking hostages, it will make political demands. Another possibility is that an internal collapse will occur in that country as happened in Rumania and former East Germany — triggered by a riot over food shortages. That will mean North Korea going the way of Yugoslavia. Japan needs to think about this situation which can lead to an exodus of refugees, defections, and rampant acts of terrorism and assassination. For instance, what will Japan do if a North Korean naval vessel arrives at Iki Island or Tsushima Island? The government needs to study preparations for and actions on the outbreak of such low-dimension conflicts. In that context, the security issues can be said to have changed in substance. They used to be for preventing a communist revolution, a coup, or a world war.

Now the possibility of such situations arising is zero, but in their place are concerns about the exodus of refugees, the rescue of Japanese nationals out of a country in civil war, or political defection of high-level officials into Japan.

[Higaki] Given that perspective, the North Korean issues are no longer those that can be dealt with by the Japan-U.S. Security Treaty, but are those that can be dealt with by Japan's security.... [sentence unfinished as published]

[Taoka] In view of the number of ships the country has, it is difficult to think many refugees will arrive in Japan. Some of them might have arms, but since they will be coming to seek Japan's protection, all that Japan needs to do is to ask them to turn in their arms. Refugee and defection issues are matters of public safety and not really of security.

[Higaki] Can those things be so clearly distinguished?

[Taoka] After all, these are not the situations that call for SDF mobilization or that have anything to do with the nation's life or death.

[Higaki] Can you declare they are not security issues?

[Taoka] They may be considered security issues in a very broad sense — if the illegal immigration and drug smuggling are considered security issues in a broad sense in the United States.

[Sassa] In a broad sense, they are security issues. This new genre of low-dimension conflicts comes somewhere between the jurisdiction of police and that of defense.

[Higaki] I think it is time Japan considered them as security issues. "Security" must be for the purpose of protecting the lives, bodies, and property of people. That is why the people looked to the SDF for rescue operations during the Hanshin earthquake. The Japan-U.S. Security Treaty, which represents security in a

narrow sense, certainly was not meant to provide security "of the Japanese, by the Japanese, and for the Japanese." At best, it meant security "of the Americans, by the Americans, and for the Japanese and Americans."

[Sassa] What I think can be an issue in the Japan-U.S. Security Treaty — a security issue in a narrow sense — is a condition given in the Security Treaty's Article 6. Article 6 had not been a subject of discussion until the eighties, but recently, and in March and April in particular, the part that says "the maintenance of international peace and security in the Far East" has become a point of concern as a result of a series of incidents that followed one after the other: China's military exercises over the Taiwan Strait and other acts of military intimidation against Li Teng-hui, and then North Korea's abandonment of its obligations under the armistice treaty over the 38th parallel line. These incidents prompted the 17 April Hashimoto-Clinton summit to change in nature.

In the span of 36 years since the current treaty was concluded in 1960, not one study has been done on Article 6 either by the MOFA, SDF, or Cabinet Security Affairs Office. But now, Japan thinks a study related to this article is in order as regards the following four major points: first, how to evacuate Japanese residents and U.S. servicemen's families out of a country involved in contingencies; second, what to do in case of an exodus of refugees into Japan; third, how to prepare against destructive actions by special forces and other types of armed bands; and fourth, what logistics support Japan should provide to U.S. forces in Japan for their operations. Japan and the United States have agreed to form a working group to deal with these four issues. Following the summit with President Clinton, Prime Minister Hashimoto issued very specific instructions to the Cabinet Security Affairs Office director, the Cabinet Information Research Office director, and cabinet deputy chief secretaries.

[Taoka] So, the government is taking actions to flesh out Article 6. The article says the treaty is to deal with contingencies in the Far East, but Japan has not done anything in that regard. Actually, there has not been much the Defense Agency could do about it on its own. Japan thought all that the article asked of it was for its government offices to assist U.S. forces in Japan in contingencies by providing commercial airports to the U.S. forces, or by evacuating Japanese hospitals so that they can be used as U.S. military hospitals. Requests for cooperation of government offices were made, but all government offices concerned did not respond and no progress has been made even in this regard. But above and beyond all that, North Korea now is at the extreme condition of emaciation. That country is desperate to

improve its relations with the United States. As such, I do not see any need to do such things.

[Higaki] You are saying these issues are being brought up when they are no longer necessary.

[Taoka] Yes, and the government wants to do these things just because there is no longer any objection from the Social Democratic Party [SDP] to the security treaty. The government wants to do those things because there is a change in domestic conditions, not because the international conditions require it. This is much like someone buying a warm overcoat, which he had wanted in winter but could not afford, next spring in a bargain sale. I will say situations over Taiwan or Panmunjom were not crises. They were nothing but show performances played by China and North Korea. Taiwan's Navy and Air Force far excel China's. There is no way for China to take Taiwan.

North Korea did that part of the show — in Panmunjom where foreign tourists visit — in a clumsy gesture of urging the United States to conclude a peace treaty with it.

[Higaki] Mr. Taoka thinks the Japan-U.S. Security Treaty will never get scrapped. You think that is because the Japan-U.S. security alliance is, first of all, necessary for the U.S. forces.

[Taoka] The United States will continue to be a naval power. It will want to use Yokosuka and Sasebo for a long time to come. It is difficult to think that the country will propose terminating the relationship from their side.

[Higaki] The U.S. forces in Korea are there completely for South Korea's defense.

[Taoka] The U.S. forces in Germany also used to defend the front line of West Germany. The U.S. forces in Japan are nothing more than logistics support bases in defense of South Korea.

[Higaki] Then, that means you think the financial burden borne by Japan via its consideration budget cannot be called even bodyguard expenses.

[Taoka] I will say this is more like "mikajime ryo" — the money paid by a shop owner to a gang of racketeers, who demanded it, asking the owner if he knew he was doing business under the gang's protection and assuring him he would be protected from other gangs' threats in return. But the fact is that there are no other gangs, they have all been dismantled.

[Higaki] There have been some developments related to security in the past one to two years — the SDP's policy change on security after joining the coalition government, increased public expectations on the SDF's

roles following the Hanashin earthquake and the sarin bomb attacks, loud voices of criticism following the incident of a girl being raped in Okinawa, and a joint statement on the transfer of some military facilities. But I myself cannot think they have brought any major changes to the security picture in Japan.

[Taoka] They are not major changes in the global picture of international relations although they could be called big changes domestically.

[Higaki] News media agencies made a big fuss about the so-called "big policy change" of the SDF, but actually I must say the news media have made fools of themselves. Now, I think what Japan needs is a "National Security Information Bureau" (NSIB) to formulate plans on Japan's security as a whole. Do you not agree?

[Sassa] I am all for it.

[Taoka] In the area of information, Japan must become self-reliant. Japan has developed a bad habit of relying on the United States and of not thinking about the future of the international situation on its own. Consequently, it has come to have a bad habit of accepting all U.S. views as "correct." Actually, the Americans tend to be very much influenced by preconceptions (omoikomi-ga hageshi) in making situational judgments, and thus are prone to making errors. Meanwhile, Japan's information capabilities are decisively inadequate. It is close to zero. The Cabinet Information Research Office is an organization of only about 80 people. It has two people in charge of America — two not just for the United States, but for all of America. A West European country would have several thousand people in its information agency. An organization needs to have at least 1,000 people just to translate, sort out, and analyze publicly published materials if it wants to cover the whole world.

[Sassa] You are right. To do security studies, Japan needs a group of elites to do a thorough job of collecting and analyzing information. And the first thing the government must do is form an ad hoc research council to bring that about.

[Higaki] This information office should be set up outside the framework of existing government ministries and agencies.

[Taoka] Right, if it is placed under one of the government offices, it will come to think about the parent office's interests in one way or another. If one of the existing offices — for instance, the Defense Agency or MOFA — is put in charge of information analysis, the office is likely to do that work as part of a project it wants to do on its own. Good information analysis can be done only if people in charge can devote themselves to assigned work without thinking about anything else.

The attitude as that of the people working for the Meteorological Agency is desirable.

[Higaki] The personnel for that office should be procured by recruiting appropriate people after organizing the information office first — rather than by asking government offices to provide people to organize the office.

[Sassa] Government office officials who have served overseas should be good for jobs there. Former correspondents should also be good for the jobs.

[Taoka] The rule should be so made that the personnel assigned from other government offices may not return to their original offices. Otherwise, these people will come to tend to put more emphasis on the views of the offices they come from.

[Higaki] For the past half century, Japan has let the United States decide on major national security matters. If it is to be able to make its own decisions, Japan must have accurate information first. And to have accurate information, Japan needs this NSIB. I would like to make our proposal on the NSIB the conclusion to this roundtable debate.

Japan: Consumption Tax Hike Drops Hashimoto's Popularity

OW1707101596 Tokyo KYODO in English
0921 GMT 17 Jul 96

[FBIS Transcribed Text] Tokyo, July 17 KYODO — The popularity of Prime Minister Ryutaro Hashimoto's government has fallen significantly in the past two months, apparently because of the government's decision to raise the consumption tax, according to a fresh poll by KYODO news released Wednesday.

In the nationwide survey conducted over the weekend, the support rate for the Hashimoto cabinet dropped 5.7 percentage points from the previous survey in May to 47.0 percent, while the disapproval rating rose 5.7 points to 42.7 percent.

The survey indicates the government's formal decision at the end of June to raise the consumption tax to 5 percent from the current 3 percent from next April has markedly damaged Hashimoto's popularity.

The slow progress in government efforts to solve the issue of U.S. bases in Okinawa has also dampened public support for the Hashimoto administration, according to the poll.

A record 38.1 percent of survey respondents said they support no specific party, demonstrating that the Japanese electorate is becoming increasingly apathetic about conventional party politics.

Among Hashimoto's supporters, 38.0 percent said they back him only because there is no other person suitable for the job, up 6.6 points.

Among those who oppose the Hashimoto government, 17.6 percent said his economic policy is disappointing, up 1.9 points, marking the worst reading since the end of June 1994 when the Liberal Democratic Party (LDP), the Social Democratic Party (SDP) and New Party Sakigake formed the ruling coalition.

Female voters are particularly disgruntled about Hashimoto's economic policy, with 27.4 percent of women in their 40s voicing their dissatisfaction with his handling of economic affairs.

Also among Hashimoto's critics, 12.8 percent expressed discontent over his policy on administrative reforms, up 7.4 points.

The LDP garnered support from 35.0 percent of the respondents, down 1.9 points, while the main opposition party Shinshinto (New Frontier Party) lost 0.9 point to 10.2 percent, the lowest reading since the party's foundation in December 1994.

The SDP's support rate plunged to a record low of 4.7 percent, while Sakigake boosted its public support slightly to 2.7 percent.

The Japanese Communist Party (JCP) edged up to 3.7 percent from 3.6 percent in the previous survey two months ago.

The poll received answers from 2,037 of the randomly selected 3,000 people aged 20 or older at 250 locations nationwide.

The coalition took the results in its stride, saying the figures are not so bad.

Chief Cabinet Secretary Seiroku Kajiyama said the cabinet is determined to pursue politics of "reform and creation" for the next century without being optimistic or pessimistic about poll results.

"The support rate is still higher than the non-support rate. Our efforts have been given due appreciation," said Yukio Hatoyama, chief secretary of Sakigake.

But an SDP lawmaker conceded that the tax hike plan has met with public disapproval.

"People's reaction against the consumption tax hike has been strong," said Shigeru Ito, SDP's deputy party head.

The opposition camp gloated at the sliding popularity of Hashimoto, who is widely expected to dissolve the house of representatives in the fall for a general election.

Takashi Yonezawa, secretary general of Shinshinto, said public criticism is concentrated on the government's

decision to boost the consumption tax without making sufficient efforts to streamline the administration.

"The popularity of the Hashimoto cabinet has peaked out," said Kazuo Shii, head of the JCP secretariat, pointing out that Hashimoto's inept handling of the Okinawa base issue has cast a pall on his support rate.

Shinshinto's Yonezawa put on a brave face at the record low popularity rate for his party, claiming public support will pick up as the election approaches.

Sakigake's Hatoyama, who is reportedly planning to launch a new centrist party soon, said the increase in the nonpartisan electorate is a clear manifestation that Japanese politics have entered a serious cul-de-sac.

"I feel the need to create a new trend, something that goes beyond the traditional framework of parties," said Hatoyama.

The SDP's Ito echoed Hatoyama, saying, "all the parties are responsible for the current serious situation."

The future of Japanese politics "hinges on whether we can create a powerful conglomeration of citizen-oriented, progressive blocs," Ito said.

Japan: NTT Labor Union Supports Hatoyama Plan for New Party

OW1707061296 Tokyo KYODO in English
0543 GMT 17 Jul 96

[FBIS Transcribed Text] Osaka, July 17 KYODO — The head of the labor union of Nippon Telegraph and Telephone Corp. (NTT) lent support Wednesday to a plan by New Party Sakigake's Yukio Hatoyama to create a new centrist party.

Koji Kajimoto, who heads the Japan Telecommunications Workers' Union (Zendentsu), said at the union's annual meeting that it will support a new democratic and liberal party that Hatoyama is reportedly planning to launch soon.

The union is the third labor organization traditionally backing the Social Democratic Party (SDP) to throw its weight behind Hatoyama's new party project, whose momentum is growing.

Kajimoto, however, put in a caveat, saying it is important to obtain understanding from other unions within the Japanese Trade Union Confederation (Rengo), the largest national labor group.

The union leader also said his organization will support any party or politician opposed to the proposed split of telecommunication giant ntt.

Kajimoto pledged efforts to field as many candidates as possible for the next general election to whom Rengo can give united support.

The union's meeting was attended by party leaders, including Liberal Democratic Party (LDP) Secretary General Koichi Kato, SDP Chairman Tomiichi Murayama, Sakigake head Masayoshi Takemura and Takashi Yonezawa, secretary general of the main opposition party Shinshinto (New Frontier Party).

The LDP, the SDP and Sakigake constitute Japan's ruling coalition.

The union is expected to elect its deputy chief, Kazuo Sasamori, as new head Thursday to succeed Kajimoto, who is retiring.

Japan: Pro-Ozawa Group Disbands for Shinshinto Party Unity

OW1607132096 Tokyo KYODO in English
1209 GMT 16 Jul 96

[FBIS Transcribed Text] Tokyo, July 16 (KYODO) — One of the two major factions within the main opposition party Shinshinto (New Frontier Party) agreed Tuesday to dissolve itself for the sake of party unity to better fight the next general election for the House of Representatives, group members said.

"It's time for all the party's Diet members to get together in preparation for the general election," said Toshihiro Nikai, who heads a group of Shinshinto Diet members loyal to party leader Ichiro Ozawa.

"We have a responsibility to return to power," Nikai said at a press conference after his group members unanimously decided to disband their group.

The other Shinshinto faction, which is loyal to former Prime Minister Tsutomu Hata, is also expected to dissolve itself soon.

Keiwa Okuda, leader of the Pro-Hata group, said Saturday it is the majority view within the party that his group is detrimental to party unity and noted that he will discuss the issue with Hata when he returns home from a trip to Europe. Hata is slated to return home Friday.

The Pro-Ozawa group was set up in May last year and consists of 173 Diet members, while the Pro-Hata group was formed last February with 69 members of both houses after Hata lost his bid for the party presidency in a party poll last December.

Japan: Journal Questions Activities of Japan Automobile Federation

962A0075A Tokyo SENTAKU in Japanese May 96
pp 126-129

[Unattributed Article: "JAF's Profiteering Activities Viewed as Attempts to Ensure Monopoly and Claim Tax Exemption"]

[FBIS Translated Text] According to an understanding between ministries and agencies, "public service corporations must have as their objective the aggressive realization of benefits for an unspecified majority."

It is for the very reason that foundations, corporate juridical persons or religious corporations work for the public good that they are receiving preferential treatment from the nation in the form of exemptions, including tax. In actuality, however, there are quite a few organizations that do not deserve the name. Standing in the way of the rectification of these public service corporations, that have become a cover for the vested interests of the bureaucracy, and foundations, which have become the personal possessions of politicians and bureaucrats who take cushy jobs in industry, are bureaucrats who have teamed up with the business world.

It was the afternoon of 17 April. In a "ruling party administrative reform project conference" held in conference room No. 4 in Lower House Members' Office Building No. 2, a symbolic exchange occurred. The topic of discussion was "the issue of medical foods and the foundation known as 'Japan Medical Foods Association'."

Diet members from the tripartite ruling coalition party administrative reform project team were grilling Health and Welfare Ministry executives who were in attendance.

"Having concluded secret agreements with businesses, the Japan Medical Foods Association and others of its kind should immediately be disbanded. As a supervisory agency, what is the Health and Welfare Ministry's opinion of this? We would like you to say here and now that they will be disbanded."

The Japan Medical Foods Association (based in Tokyo's Chiyoda Ward) that was mentioned here is a public service corporation that has been designated by the Health and Welfare Ministry as the sole inspection agency for medical foods. The administrative reform project team (chaired by New Party Sakigake policy research vice chairman Yukio Edano) has pointed out since the year before last that "concerning the sales of medical foods, in order for the Japan Medical Foods Association to secure a stable income from inspections,

it has formed secret agreements with specific businesses to prevent the influx of new vendors," and has also appealed to the Fair Trade Commission [FTC] to expose it.

Japan's Largest "Bureaucratic Service Corporation"

The reason the above-mentioned project team, which sets as its objective administrative reform and deregulation, viewed this as a problem is that behind this injustice is the nation's diagnostic fee calculation system. Foods for medicinal purposes are one type of hospital meal on which nutritional content is displayed, but in actuality, there is almost no difference with ordinary frozen foods available on the market. However, when a hospital uses these, in addition to the usual diagnostic fee, there is a 180 yen per patient per day profit that is added as a diagnostic fee. Converted to an annual figure, this was amounting to yet another (payment) fee from the debt-ridden health insurance account to medical agencies of 17.5 billion yen.

The monopolistic business "Nissin Medical Foods" (of Kyoto, president: Shutaro Murata) is selling these foods to hospitals and is "paying" an inspection fee of 700 million yen annually to the Japan Medical Foods Association. It turns out that Setsuo Atsumi, who got a cushy job in the association as director after leaving the Health and Welfare Ministry (where he had been Children and Families Bureau chief) as well as two senior managing directors (former commissioners, etc.) were pocketing an illegal annual income totalling 81 million yen based on this high inspection fee. It was a "blueprint for bureaucratic interests" in which bureaucrats, businesses and medical agencies profited and, before one knew it, the citizenry was stuck with the bill.

In particular, Mr. Atsumi, who, having been director for 24 years, should take full responsibility for the illegality, was receiving an annual income of approximately 50 million yen which exceeds that of the prime minister (45 million yen). This was a result of continuing to ignore the "public service corporation guidance and supervisory standards" of the ministries and agencies which specify that "compensation of directors shall not be inappropriately high."

On 9 April, the FTC found the association and business to be in violation of the Antitrust Law (prohibiting private monopolies) and issued an order to desist. The agency was eventually forced into the situation of abolishing the administrative system itself that makes medical foods subject to the addition of diagnostic fees and announcing a sweeping reform of associations as well as the replacement of director Atsumi. Because the

"medical food system" itself would cease to exist, there naturally should be no other choice but to disband the association.

However, Health and Welfare executives who were questioned this time by the administrative reform project team distributed a document that said "we have instructed the Japan Medical Foods Association to revise itself to comply with the abolition of the system and to perform public service that is suited to a public service corporation. In the future, a revision of its projects as well as their system will be conducted." To the last, the ministry did not give a firm commitment even to the persistent Diet members, but only said "we will give it comprehensive consideration and wish to handle it in a strict manner, including instructions to disband if the need arises."

Overlooking the illegalities of the bureaucrats who have taken cushy jobs in business, the Health and Welfare Ministry, which, for over 18 years since 1978, has squandered a total of 130 billion yen of tax money (funds from diagnostic fees), was planning to somehow prolong [the association's] life without taking any responsibility.

A person concerned with the project team says, "with total employees numbering a mere 32 people, the Japan Medical Foods Association put up this much resistance. It has been a long time since public service corporations became an issue as complementary organizations to benefit bureaucrats, but the massive corporations are on sacred ground and do not even budge an inch. Even though there is talk of 'reform of the public service corporations,' the walls erected by the bureaucrats and industry are too thick."

From the year before last and into last year, thanks to resistance from bureaucrats and zoku Diet members, the "reform of special corporations" promoted by the coalition ruling parties ended in a clever revision in which a segment of special corporations were integrated and operations were scaled down. Amid the gradual retreat of administrative reform and deregulation, the current issue for the administrative reform project team is reform that targets public service corporations outside the bureaucratic organization which take over administrative guidance and become Meccas for former bureaucrats taking cushy jobs. In short, this concerns the reform of "bureaucratic service corporations."

This effort is focussing on the corporation called "Japan Automobile Federation [JAF]," (chairman: Masaru Izumi honorary chairman of Tokyo Nissan Motor Sales, headquartered in Tokyo's Minato Ward). With a staff of approximately 3,500, JAF, as it is called, is 100 times the size of the above-mentioned

Japan Medical Foods Association and about 60 times larger in terms of its income scale, making it the largest of Japan's massive public service corporations.

"Public Service" in Name Only: Real Objective is Pursuit of Profit

Concerning the abuses of "bureaucratic interest corporations" the LDP (Liberal Democratic Party) administrative finance reform promotion headquarters, etc., points out the following:

"Since the 'final report of the Second Ad Hoc Administrative Reform Council' in 1983, public corporations have increased rapidly and as of October 1994, they had reached 26,312 organizations nationwide. This is because in contrast with the Doko Ad Hoc Council on Administrative Reform, which curbed special and authorized corporations and promoted the private sector transfer of licensing, the administration side has approved public service corporations one after another and has tried to secure vested interests and cushy jobs for bureaucrats. Among these, there are 137 legally 'designated corporations' which possess an agent-type administrative function, and there are some which do not perform accurate work. Meanwhile, because they are private corporations, administrative orders and supervision of conferences are not exhaustive, making deregulation difficult.

"Also, there are as many as 641 public service corporations that are rendering independent judgements and administrative guidance of agent-type administration even though they have not been legally designated, so in an extremely murky form, they are performing inspections, certification, ranking, authorization, etc., that run counter to administrative reform and deregulation. The Japan Medical Foods Association is a case that typifies this.

"Among public service corporations, there are those that are performing jobs in a monopolistic way that could be handled by profitmaking firms and there are also groups that are making sizeable incomes by being exempt from corporation taxes and land taxes. As a result, private industry is suppressed, and on top of hurting fair competition, faith in the country that affords preferential treatment to these groups is also diminished."

JAF is a typical case of the "monopolistic public service corporation" given in the third paragraph. "The success of public service corporation reform depends on whether or not these huge corporations can be revised. This is because small and medium public service corporations will follow that trend." Numerous LDP Diet members make this point.

Doubts about JAF concern whether the standards of public service corporations mentioned at the beginning apply to this group in the first place.

The stated basic job of JAF is to collect 2,000 yen from members as an initial membership fee and 4,000 yen as an annual fee to perform "road service" for its members. Put simply, if it receives a call from a member whose car has broken down on a regular road or highway, it will rush out to the site, perform emergency service and tow the car to a nearby service center. If towing a car and performing repairs, etc., is a "public service," that would make every job in the world a "public service."

Its brochure reads, "We are a public service corporation designed to provide a more independent and mutually abundant car lifestyle for car owners." Yet, originally it was an organization that was established in 1962 centered around automobile sales companies. At the time, accompanying the wave of motorization, the number of cars that were stalled on the road increased, and drivers, regardless of whether it was a Sunday or holiday, would go to dealers, etc., requesting assistance. Consumers tend to first request repairs from the place where they purchased the product. Unable to bear this any longer, businesses lobbied the Transportation Ministry and Police Agency for the creation of an organization to handle these requests in an organized manner. In other words, the JAF could be characterized as an organization established for the purpose benefitting firms by lessening the burden born by dealerships.

The JAF director membership roster of October of last year supports this. Its directors include such names as "Japan Automobile Federation chairman," "Tokyo Toyopetto president (head of JAF Kanto headquarters)," "Hiroshima Nissan Motor chairman (chairman of JAF's Chugoku district headquarters)," to name a few. Among the 57 staff members beginning with chairman Izumi, as many as 28 members are related to the automobile industry. Of the remaining number, 10 are former bureaucrats from the National Police Agency, Transport and Construction Ministries. This segment boasts a distinguished cast, including the vice chairman of JAF, Kunio Nihira, former Police Commissioner; senior managing director Noriyuki Inumaru, former Transport Ministry Road Transport Bureau Motor Vehicles Department chief; director Akio Kanetsawa, former National Police Agency director general; Kotaro Kitamura, former National Land Agency permanent vice minister, and others.

Growing Larger Through "Tax Exemptions"

Supported by this union of bureaucrats and business, JAF members which initially numbered just over 10,000

ballooned by 1993 to 10 million and as of March of this year had grown to 11.68 million members. Just its income from membership fees calculates to an estimated 40 billion yen. With its headquarters distributed between Shibakoen in Minato Ward and the Mori Building in Azabudai, it continues to expand, possessing eight regional headquarters and 53 branches.

It also has funds in abundance. According to the account balance sheet for the March term of 1995, its total income was 55.264 billion yen. Its total assets come to 76.672 billion yen. As for cash holdings, its deposits alone amount to 37.405 billion yen. It also holds as much as 2.826 billion yen in negotiable securities. The total amount of compensation going to its directors is approximately 129 million yen annually. Divide this by eight full time directors and the resulting average monthly income is approximately 1.34 million yen.

Even though it says that "we do not plan to build an assembly hall at present," not only does it post a 7.5 billion yen "assembly hall construction reserve fund," it shows an additional reserve fund of 32.013 billion yen, and, further, 7.417 billion yen in surplus funds.

Shozaburo Nakamura, deregulation subcommittee chairman (and former Environment Agency director general) of the LDP Administrative Reform Headquarters expressed the following doubt in the Lower House Finance Committee in February of this year: "In a JAF financial statement there is 63.0 billion yen in income, including (undisclosed) funds, posted under the name of 'prepaid membership fees,' that would be subject to taxation if it were a company. When automakers and dealerships sell cars they try to sign up members and collect membership fees and automakers are sending as many directors as they can practically manage. And yet this public service corporation is earning money through the repair business and is not paying taxes. This is patently unfair."

Up to now the reason the JAF executives gave to explain its "rapid growth" was that "it is because we are a public service corporation. More than anything, we were able to acquire the designation of 'public' that makes people feel at ease."

That is not the only reason for its growth. As Mr. Nakamura pointed out, because it is a public service corporation its projects are, as a rule, nontaxed. It is also exempt from land taxes. Put another way, the nation is providing JAF with an "unseen subsidy."

Meanwhile, having received official approval from the National Police Agency and Transport Ministry, etc., who have placed their own officials there in the past, that it is a "public service corporation which contributes

to traffic safety and assures a smooth flow that prevents traffic accidents and traffic jams, among other things," it has even been allowed to use red lamps for JAF wreckers on high-speed roadways as "emergency vehicles." Three highway public corporations including the Japan Highway Public Corporation and the Metropolitan Expressway Public Corporation "have commissioned JAF to do the work of roadside assistance (towing and emergency service) and as this is inseparably closely connected with the work of a public corporation," it is exempt from highway tolls and has been able to borrow public corporation facilities free of charge.

The fact of being a public service corporation gives rise to these kinds of generous benefits. The National Police Agency, etc., asserts that "JAF has secured a 24 hour mobilization system nationwide and there is no other private business that could take its place. The criticism about suppression of private industry is off the mark." However, under the nation's patronage, JAF is assured a "monopolistic enterprise" system and the structure has become such that private firms are unable to compete with it.

Not only that, JAF itself could be characterized as an enterprise that has placed priority on profitmaking, and it has shrewdly unfolded its business.

According to the "public service corporation guidance and supervisory standards," public service corporations are not supposed to establish profitmaking enterprises and must not team up with such enterprises in order to pursue profits. This is only natural since it is a nonprofit organization. Be that as it may, from 1965 until 1979 JAF put up 100 percent of funding to establish the following companies: "JAF Publishing," "JAF Service," for insurance and travel consulting, and "JAF Mate," which creates and sells bulletins. JAF directors have been sent to these companies as presidents and directors and it has obtained an income of 830 million yen from the travel service and 600 million yen from publishing, insurance and product sales, etc., related to automobiles (both are as of the March 1995 term). Although the details are not clear, it is said that there are even directors who went to subsidiaries and received compensation while claiming to be "uncompensated by JAF."

At the end of last year when this question was taken up in the Diet, JAF claims to have made "improvements" (according to the National Police Agency) so that, outwardly at least, it is in line with "guidance and supervisory standards" by doing such things as dissolving the dual jobs of directors in the three subsidiaries and interlocking shareholding between subsidiaries.

Still, however, the "JAF Mate" bulletin was carrying mail order articles for subsidiary "JAF Service" and a multipage advertisement for "JAF Publishing" selling a travel guide book called "Famous and Secret Hot Springs Series." This is absolutely no different from a business that has teamed up with its subsidiaries.

The Only Solutions are "Disbanding" or "Privatization"

Meanwhile, JAF was also getting an income of 460 million yen in motor sports. This was supposedly from fees for issuing licenses for operation of car races and rallies. Could this also be called another "public service"?

The "guidance standards" prescribe that "when a situation arises that results in competition with profitmaking enterprises due to changes in social circumstances, any organization which cannot improve its public service nature must, under the regulation of Civil Code 68, disband."

This is a quite different age from the days when the automobile industry was in an immature state. We have entered an age where the privatization of JAF should be urged to effect a move from the sanctuary of the automobile industry and police and transport bureaucrats to a place of essentially fair competition.

The ruling party administrative reform project team is preparing a "public service corporation reform bill" based on past investigation results and is firming up a policy that soon will be subject to a cabinet decision from the government.

This reform bill consists of upgrading the "public service corporation, etc., guidance and supervisory meeting" to a "cabinet conference" of the cabinet secretary level of each ministry and agency in order to strengthen guidance of public service corporations, action that would include cancelling within three years permission to establish public service corporations that have entered a situation in which their projects conflict with those of profitmaking enterprises, requiring that any corporations in which one-third or more of its directors are related to specific industries or are former ministry and agency officials must rectify that situation within two years, revising preferential tax treatment with respect to public service corporations. This would be innovative.

Although JAF will undeniably be forced to reform if this bill passes, those Diet members who believe that the reform bill will be realized are in the minority. This is due to their conviction that there is no way that Kasumigaseki bureaucrats will easily relinquish their grip

on the vested interests afforded by "hidden administrative agencies" that are public service corporations.

Mongolia

Mongolia: Premier Delivers Report at Conclusion of Great Hural

LD1607232196 Moscow ITAR-TASS World Service in Russian 1200 GMT 16 Jul 96

[By ITAR-TASS correspondent Kim Boldokhonov]

[FBIS Translated Text] Ulaanbaatar, 16 Jul — Over the past four years Mongolia has taken an important step on the path toward democratic transformations in its sociopolitical life. The experience of its transition from a totalitarian system to democracy, from a state-controlled economy to market relations is of value to other countries. This is the main conclusion of the People's Great Hural of the first convocation, which today ended its four-year work.

Speaker Natsaiyn Bagabandi said that over 700 laws and decisions adopted by the Mongolian parliament laid a sound legal foundation for the democratization of all the spheres of public life with the help of interested foreign investors and international organizations.

Prime Minister Punsaiyyn Jasray delivered the government report and stressed that during this period, with the support of the people, a decline in the economy had been stopped and there was a tendency toward [economy] improvement. Through the implementation of a macroeconomic program since 1994, a rise in the country's own production has taken shape. Mongolia avoided the danger of uncontrollable inflation. With the financial support of the donor countries and international organizations the renewal of the infrastructure has been made more active.

Despite the society's positive development as a whole, the socioeconomic situation of a major part of the population, especially the most needy, remains complex, and the process of renewal is being delayed in some spheres, Punsaiyyn Jasray admitted.

The prime minister noted the successful development of Mongolia's international links and first and foremost with its nearest neighbors — Russia and China; treaties on friendly relations and cooperation have been concluded with them and are now in force.

North Korea

DPRK: ROK'S MBC Criticizes U.S. for Failing To Revise SOFA

SK1707030296 *Pyongyang Korean Central Broadcasting Network in Korean*
1200 GMT 14 Jul 96

[FBIS Translated Text] According to Seoul's Munhwa Broadcasting Corporation [MBC], negotiations which the puppet clique is trying to hold with the United States to revise the Status of Forces Agreement [SOFA] have been stifled by the negligence of the U.S. side.

Out of pressure from the people to revise the humiliating agreement concluded between South Korea and the United States, the puppet clique had notified its master about the draft of the revised agreement, which includes content on the problem of dealing with crimes committed by U.S. soldiers occupying South Korea.

However, the U.S. side is rejecting and neglecting it by making a single remark that its position has not been adjusted. In this regard, MBC has revealed that the U.S. side has no intention of revising the agreement and is in reality rejecting negotiations.

DPRK: ROK-U.S. Joint Marine Landing Exercise Denounced

SK1707030496 *Pyongyang KCNA in English*
0253 GMT 17 Jul 96

["Joint Landing Exercise" Against North" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, July 17 (KCNA) — The Kim Yong-sam puppet clique staged a hysterical war exercise called "South Korea-U.S. Joint Landing Exercise" on the eastern coast of South Korea on July 15, according to a radio report from Seoul.

The puppets announced that the military exercise involving the First Division of the puppet marines and an expeditionary unit of the U.S. Marines demonstrated joint operation capability as a scorched-earth operation to "give a heavy blow" at main targets, "by landing in the area far behind enemy lines in case of emergency."

Destroyers, antisubmarine patrol planes and fighters of the puppet navy carried out a South Korea-U.S. antisubmarine exercise in league with U.S. warships for recent three days. They also staged an "exercise to improve combat command and control capabilities of officers and staff officers of division and army corps level" at the "Noejong Unit" of the puppet army for a week.

There is nothing but death waiting for the warmaniacs who are hell bent on war exercises against the North,

making such a provocative remark as "a heavy blow" in face of our invincible might based on singlehearted unity and powerful military strength.

DPRK: Removal of 'Traitor' Kim Yong-sam Urged

SK1707030296 *Pyongyang KCNA in English*
0441 GMT 17 Jul 96

["War Exercises of S. Korean Puppets Reach Danger Line" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, July 17 (KCNA) — It was reported that the puppet marine corps of South Korea staged a large-scale "joint landing exercise" on the east coast of Korea on July 15 with a U.S. Marine expedition force.

The manoeuvre was aimed at landing in the rear of the northern half of Korea in "case of emergency" on the Korean Peninsula and "paralyzing its heart."

Earlier, the puppet army frantically staged a week-long war drill against the North on the plea of "coping with the threats of surprise attack from the North."

The war exercises, being staged in the sea, the sky and on the ground of South Korea almost every day, show that the Kim Yong-sam group are on the eve of igniting a war against the North.

Developments in South Korea convince the people once again that with the traitor Kim Yong-sam left alone the nation can neither live in peace nor can they escape the scourge of war and the only way of accelerating the peace and reunification of the country is to remove him.

The Kim Yong-sam group, driven into dilemma at home and abroad, are trying to find a way out in instilling the concept of confrontation with the North into the minds of the South Korean people and staging the war games more viciously. However, this will only precipitate their own destruction.

Only disgraceful defeat will go to the South Korean puppets who do not want peace and stability on the Korean Peninsula but seek confrontation and war.

They must stop the war exercises against the North at once.

DPRK: Kim Yong-sam Accused of 'New War Provocation Maneuvers'

SK1707080896 *Pyongyang Korean Central Broadcasting Network in Korean*
1225 GMT 15 Jul 96

[Commentary by Yun Pyong-son: "A Criminal Conspiracy of War"]

[FBIS Translated Text] The South Korean puppets are all the more engaged in new war provocation maneuvers. According to a report, the puppet Kim Yong-sam clique held a meeting of key army commanders, including brigade and higher-level commanding officers. During the meeting, they inspected their war preparedness accelerated over the past year, and schemed over a so-called future development direction. In particular, the puppets absurdly raised an outcry over us, mentioning military threats, provocations, and the like, and stressed maintaining an operational posture to cope with this and strengthening the army.

This is a very alarming move, and it again shows the belligerent nature of the Kim Yong-sam ring, which is frenziedly engaged in war preparations for a northward invasion.

All fellow countrymen in the North, the South, and overseas desire the early removal of tensions from the Korean peninsula and the creation of a momentum for peaceful reunification. Nothing is more important than peace and peaceful reunification of the country to our people, who have suffered from the national division and have lived in the danger of war for over half a century.

However, aggravating North-South confrontation with arms buildup and war exercise and driving situation onto the brink of war, the Kim Yong-sam ring has conspired to accelerate its war preparations. This is an intolerable challenge to the people's desire for peace and reunification, and it is an antinational, antipeace, antireunification, and criminal act.

The puppets are talking about someone else's military threat and provocations; this is shameless behavior, like a thief raising a hue and cry. It is our invariable position to prevent war on the Korean peninsula and create a favorable environment for peaceful reunification. Even now, when a grave situation described by a crossroads to peace or war prevails on the Korean peninsula, we are making every possible effort to patiently establish a new peace mechanism. This plainly shows our peace-loving position.

The world knows there is no threat of southward invasion on the Korean peninsula, where only a threat of northward invasion exists. As everyone knows, tens

of thousands of aggressive U.S. imperialist troops and nearly a million puppet armed forces assume a combat posture that will enable them to charge to war at any point [imuiui sigagerado chonjaenge toriphalsuinnun chontu taese].

It is the South Korean puppets who have turned the southern area of the DMZ into an attack position for northward invasion and who have conducted frequent military provocations in the sky, on the ground, and on the sea. It is also the Kim Yong-sam ring that conducts daily simulated war exercises for northward invasion, threatening us.

The traitor Kim Yong-sam recently crawled up to an area near the Military Demarcation Line [MDL] to instigate a war mood. Even reminding people of MacArthur's plan to bomb China, he openly called for reunification using arms. This plainly shows what level the rascals' war frenzy has reached.

The Kim Yong-sam ring's remarks on so-called military threats and provocations by us are nothing but preposterous sophistry aimed at misleading public opinion at home and abroad and justifying their adventurous war maneuvers for northward invasion. Facts clearly show the puppet Kim Yong-sam clique is trying to provoke a war of northward invasion at any cost and drive the nation into a calamity of war.

As long as the war maniac Kim Yong-sam ring assumes power, our nation cannot be free from the danger of war for even a moment. The Kim Yong-sam clique, a ring of national traitors and vicious warmongers that pursues a tragedy of fratricidal war for its own power and personal safety without regard for the fate of the country and the nation, should be removed sternly. The nation will never forgive the puppet Kim Yong-sam clique's criminal, new war provocation maneuvers.

DPRK: Foreign Paper's Criticism of Kim Yong-sam Cited

SK1507093196 *Pyongyang KCNA in English*
0922 GMT 15 Jul 96

[FBIS Transcribed Text] Pyongyang, July 15 (KCNA) — The INTERNATIONAL HERALD TRIBUNE July 11 criticised the Kim Yong-sam group's dictatorship.

The paper recalled that when documents carrying such expressions as "Comrade Kim Chong-il, the greatest genius of humankind" and "South Korean puppet reactionaries" were input and displayed in the Internet in June, the "civilian" regime took measures to block people from monitoring them.

South Korea is trying in every way to earn international recognition as an "open democratic society" but it is a society with many things dictatorial, the paper said.

The paper quoted Kim Tae-chung of South Korea as criticising Kim Yong-sam for maintaining undemocratic laws in the same way as the preceding military leaders did, far from pursuing democracy.

Even the westerners view the South Korean regime's actions as outrageous, the paper added.

The South Korean "government" puts pressure even on foreign journalists, the paper said, adding that the authorities recently refused to issue a visa for an Australian journalist who wrote an article critical of Kim Yong-sam and that they threateningly urged the LOS ANGELES TIMES and other foreign publications to revise their articles critical of the traitor Kim Yong-sam and his clan and the "civilian" regime.

DPRK: ROK's Plan To Buy Planes 'Reveals' 'War Preparations'

SK1707075796 *Pyongyang KCNA in English*
0751 GMT 17 Jul 96

[FBIS Transcribed Text] Pyongyang, July 17 (KCNA) — The traitorous Kim Yong-sam group schemes to introduce military equipment from the United States, a Seoul-based radio reported.

Sources of the puppet army said on July 15 that they would import dlr. 2.5 billion worth of F-15 fighters and AWACS planes for ten years from the year 2001.

This reveals that the war preparations of the traitor Kim Yong-sam against the North are being stepped up as never before.

DPRK: Ten-Point Program for Great Unity Lauded

SK1707095496 *Pyongyang Korean Central Broadcasting Network in Korean*
0753 GMT 15 Jul 96

[Unattributed talk: "The 10-Point Program for the Great National Unity of the Whole Country Is a Common National Program for Reunification"]

[FBIS Translated Text] The great leader Comrade Kim Il-song taught that the whole country should attain the great unity in order to achieve the independent and peaceful reunification of the fatherland.

The 10-point program for the great unity of the whole country for national reunification not only expounded the general goal and ideological basis of the great unity of the nation and the principle of great unity, but also comprehensively put forward concrete methods for

achieving the cause of national reunification based on the great unity of the nation.

In the program, the great leader [suryongnim] elucidated the issue of attaining unity by suspending all political conflicts that aggravate division and confrontation between fellow countrymen; the issue of realizing mutual trust and unity by eliminating worries about northward and southward invasion and about victory over communists and communization; the issue of advancing hand in hand down the road of national reunification by treasuring democracy, and not rejecting others on the pretext of having different views and ideologies; the issue of protecting individuals and groups' material and mental assets and encouraging the effective use of such assets to promote the great unity of the nation; the issue of making all the people understand, trust, and unite with each other through mutual contacts, visits and dialogue; the issue of having all the people in the North, the South, and overseas strengthen their solidarity on the path of national reunification; the issue of highly appraising the people who contributed to the great unity of the nation and to the cause of national reunification, and to all other important methods for achieving the great unity of the nation.

Each of these methods is a most realistic, just, and fair charter of unity, corresponding to the country's concrete realities and to its demands and interests.

Our nation has been divided in two by outside forces, and different ideologies and systems exist in the North and the South. However, this cannot be an excuse for people to confront and fight each other.

The North and South should neither seek nor encourage confrontation in any case, and they should do away with all forms of political conflicts, slanders, and smears.

The North and South should not make fellow countrymen regard each other as the enemy, but should jointly cope with invasion and interference by outside forces by uniting their strengths. The North and South should not carry out acts of threatening and invading each other or of enforcing one side's system on the other side.

Only by doing so, can they end the distrust and confrontation between North and South and achieve the great unity of the nation.

Each Korean is the master of national reunification. Therefore, in order for all the people to fulfill their responsibility and role as masters in the struggle for national reunification, there should be guarantees for the freedom to discuss and engage in activities for reunification, and even those alleged to be political rivals should not be oppressed, retaliated, persecuted, or punished.

One should not pick a quarrel with the other for pro-North or pro-South nature. All political prisoners should be released and reinstated so that everyone can jointly contribute to the cause of national reunification.

With a view to realizing the great unity of the whole country, state ownership, cooperative ownership and private ownership should be recognized even after reunification, not to mention before reunification. Capital and properties of individuals or groups, as well as common interests with foreign capital, should be protected.

In addition, the social honors and qualifications possessed by each person in all domains, including science, education, literature and arts, the press, publication, public health, and sports, should be recognized, and benefits given to the meritorious people should be continually ensured.

Only in such times can the classes and circles with different interests eliminate their apprehensions regarding the security of their material properties, social honors, and qualifications after reunification is achieved. Thus, they can actively participate in the cause of the great unity of the nation for national reunification.

In order for fellow countrymen to eliminate the misunderstanding and distrust caused by hostile relations prevailing between the North and the South in the more than half a century since the nation was divided and to achieve the nation's reconciliation and unity, they should be allowed to freely visit and contact each other and to hold dialogue many times.

To realize this, we should eliminate all barriers blocking contacts and visits and open the door for all to visit each other without discrimination. At the same time, each political party, faction, and circle should be allowed an equal opportunity for dialogue, and bilateral and multilateral dialogues should be developed.

In particular, the concrete-reinforced barriers built in the South side of the Military Demarcation Line should be demolished, and various forms of political and legal devices, such as the reactionary National Security Law, should be removed. Thus, free visits, contacts, and a broad range of dialogue between the North and the South should be realized.

All the people in the North, the South, and overseas should strengthen their mutual solidarity on the path for national reunification. All fellow countrymen in the North, the South, and overseas should support and encourage without prejudice what is beneficial to national reunification, and should jointly reject what is harmful to the reunification. Thus, they should keep step and cooperate with each other.

In addition, all political parties, groups, and fellow countrymen from all strata in the North, the South, and overseas, should attain an organizational coalition [chojikhoguro yonhaphaeya hamnida] on the path for national reunification.

By doing this, they can ensure unity and consistency of action in the struggle for national reunification.

For Korean people today, there can be no more genuine patriots than those who desire and make efforts for national reunification.

We should provide special benefits to those who rendered meritorious service for the great unity of the nation and national reunification, to the patriotic martyrs, and to their offspring. We should treat with generosity even those who betrayed the nation in the past if they reflect on their past and turn up in the patriotic road. We should impartially evaluate them according to their merits rendered to national reunification.

All of the methods for the great unity of the whole country expounded by the great leader [suryongnim] thoroughly embodied the principle of great national unity on subjugating everything to the cause of national reunification, as well as the thoroughgoing spirit for national independence to expedite national reunification by crushing an invasion and interference maneuvers by outside forces with our own strength.

Indeed, the 10-point program for the great unity of the whole country put forward by the great leader Comrade Kim Il-song is a great banner of encouragement for national unity and reunification that enables all fellow countrymen to fulfill their mission as constituents of the nation. It leads even those who betrayed the nation once in the past, so that they can make a new start on the patriotic road for the nation's reunification.

All Korean compatriots in the North, the South, and overseas should more highly uphold the banner of the 10-point program for the great unity of the whole country, and they should rise as one in the struggle to accomplish it. Thus, they should brilliantly realize the fatherly leader's behest for reunification by achieving national reunification by all means.

DPRK: ROK Court Hears Evidence of Chon Role in Kwangju Massacre

SK1707041596 *Pyeongyang KCNA in English*
0250 GMT 17 Jul 96

[FBIS Transcribed Text] *Pyeongyang, July 17 (KCNA)* — It has been evidenced again that the traitor Chon Tu-hwan issued an order to repress the May 18 Kwangju popular uprising at an early stage, according to a report from Seoul.

This fact was confirmed by testimonies at a trial of Chon Tu-hwan held at the Seoul District Court on July 15.

Yim Won-pyo, who was the chief in charge of education and training of the "Combat Education Headquarters" during the May 18 popular uprising in Kwangju, said that Chong Ho-yong, the then- "special warfare commander," handed a letter signed by the traitor Chon Tu-hwan to the commander of the "Combat Education Headquarters". Contained in the letter was Chon's order on ruthlessly cracking down upon the uprising at an early stage, Yim added.

Yu Pyong-hyon, the then-chairman of the joint chiefs of staff, said that Chon Tu-hwan called a "meeting of the commanding officers of the Armed Forces" to discuss the issues of extending the emergency martial law throughout South Korea, installing an emergency tool and dissolving the "National Assembly."

DPRK: MINJU CHOSON Denounces ROK's Arrest of Student

SK1707080396 Pyongyang KCNA in English
0758 GMT 17 Jul 96

["Fascist Outrage Against Patriotic Forces" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, July 17 (KCNA) — The Kim Yong-sam group on July 14 detained Yi Sung-hwan, vice-chairman of the Council of Democratic Youth Organisations of South Korea, on the strength of the "National Security Law" for the reason that he met with northern people abroad and discussed the program of the August 15 pan-national rally for this year and matters of reunifying the country by means of confederacy and of withdrawing the U.S. forces from South Korea, according to a report.

Branding this as another unpardonable fascist outrage against the pro-reunification, patriotic forces committed by those who dislike national reconciliation, unity and reunification, a news analyst of MINJU CHOSON today says:

All the matters which patriotic youths of South Korea discussed with the North represent the desire of the nation and the requirements of the times, which cannot be incriminated by the Kim Yong-sam group.

The Kim Yong-sam fascist clique intends to emasculate and stifle the pro-reunification, patriotic forces, intensify the inter-Korean confrontation with the help of outsiders and thus gratify their ambition. But, this is a miscalculation.

They must look straight at the situation, stop the crackdown upon the people calling for independence,

democracy and reunification and release the illegally imprisoned patriotic-minded democrats at once.

DPRK: ROK Daily Denounces South's Labor Law
SK1507082596 Pyongyang KCNA in English
0753 GMT 15 Jul 96

[FBIS Transcribed Text] Pyongyang, July 15 (KCNA) — The South Korean TONG-A ILBO denounced the present reactionary labour relations law for its article on the "Ban of Plural Trade Unions".

The paper says that the article is one of the most serious problems of the present labour relations law because it bans plural trade unions in a bid to recognise a paid trade union and prevent the formation of another trade union, and elaborates on the workers' struggle against it.

The puppet authorities, it notes, describe the national federation of democratic trade unions as illegal by applying the article.

The paper calls upon the puppet authorities to allow the formation of independent trade unions and recognise the national federation of democratic trade unions as demanded by all the workers.

DPRK: ROK Professors' Articles Praise North
SK1507074896 Pyongyang KCNA in English
0727 GMT 15 Jul 96

[FBIS Transcribed Text] Pyongyang, July 15 (KCNA) — The South Korean people are deeply longing for the northern half of Korea, which is making a long drive on the strength of the singlehearted unity. They look up to it as the beacon of hope.

Sin Ki-hyok, a professor of history in South Korea, in an article captioned "Legendary Great Man With No Parallel in History, Mythical Hero of the Present Times" said that the harmonious whole of the leader and the people peculiar to the northern half of Korea cannot be seen in any other country, adding that it is the only wealth in the world, the "monopoly" of the northern half of Korea, and the only weapon in the world for which nuclear arms cannot be a match.

With the powerful weapon the people in the northern half of Korea have built the West Sea [Yellow Sea] barrage of world standard, which even economic powers do not dare to build, in five years and built grand monumental edifices in a year or two, which are miracles in economic construction, he said.

Kim Son-pil, a South Korean university professor, in his political treatise said that the singlehearted unity of the people in the DPRK based on one purpose, obligation

and noble virtues is a product of the distinguished leadership ability of the respected General Kim Chong-il.

DPRK Daily Criticizes Japanese Media 'False Propaganda'

*SK1607061696 Pyongyang KCNA in English
0403 GMT 16 Jul 96*

[FBIS Transcribed Text] Pyongyang, July 16 (KCNA) — Some Japanese mass media and pressmen are these days frantically conducting false propaganda against the Democratic People's Republic of Korea and the General Association of Korean Residents in Japan (Chongnyon).

Commenting on this, a news analyst of MINJU CHO-SON today says:

Some Japanese press media including SANKEI SHIMBUN have launched a wholesale smear campaign against our Republic and Chongnyon. In an attempt to give authenticity to their fiction, they quoted "reports from Washington and Seoul" and "materials" provided by the "Modern Korea Institute."

The articles written by reactionary pressmen of Japan are all lies woven with false, deceptive and fabricated materials.

Ours is chuche-based socialism in which the leader, the party and the masses form a harmonious whole and which values the requirements of the popular masses for independence and their interests most.

Nothing can break or impair the invincibility and solidity of our society based on a firm singlehearted unity of the party and the masses and the confidence of the people in the socialist system.

It is none other than the Kim Yong-sam group who are experiencing a serious political and government crisis.

If they wanted to draw the attention of the readers, Japanese press media should have disclosed the true nature of the corrupt ruling group and reactionary social system of South Korea and featured articles about this.

The correct stance and stand of pressmen is to report facts and truth as they are. However, conservative mass media and pseudo "pressmen" of Japan are spreading false propaganda full of falsity and deception for a few pennies from the South Korean puppets.

Their anti-DPRK smear campaign is part of their anti-Chongnyon moves, motivated by a sinister intention to break the faith of the Japan-resident Koreans in their socialist homeland and isolate and stifle Chongnyon and the DPRK.

DPRK: 'Venal' Japanese Publications Slandering DPRK

*SK1707064796 Pyongyang KCNA in English
0437 GMT 17 Jul 96*

[*"False Propaganda of Japanese Media Under Fire" — KCNA headline*]

[FBIS Transcribed Text] Pyongyang, July 17 (KCNA) — Some venal publications of Japan including SANKEI SHIMBUN and reactionary pressmen are these days engaging themselves in false propaganda against the Democratic People's Republic of Korea, playing into the hands of the puppet Agency for National Security Planning of South Korea.

"Reports from Washington and Seoul" quoted by some press media of Japan slandering the DPRK and the General Association of Korean Residents in Japan (Chongnyon) are deceptive and false ones made by the South Korean "Agency for National Security Planning," a news analyst of NODONG SINMUN today says, and continues:

It is a disgrace for them to play into the hands of the (?South Korean NSP and) it will only bring dishonor to them.

Useless is the anti-DPRK, anti-Chongnyon propaganda conducted by them in conspiracy with the South Korean puppets. It will only more glaringly reveal to the world the ugly nature of reactionary Japanese media which unhesitatingly engage themselves in literary hackwork for a few pennies in defiance of the intrinsic mission of the press.

They should look straight at the situation, stop joining the South Korean puppets in their false propaganda aimed at impairing the high international prestige of our independent republic and hurting and stifling Chongnyon, a dignified overseas citizens' organization of the DPRK, and take the stand befitting pressmen. If they refuse to do so, they will pay dearly for their false propaganda.

DPRK: Yi Chong-ok Meets With Cuban Politburo Member

*SK1707032396 Pyongyang Korean Central
Broadcasting Network in Korean
1300 GMT 15 Jul 96*

[FBIS Translated Text] Comrade Yi Chong-ok, member of the Political Bureau of the Workers Party of Korea [WPK] Central Committee and vice president, met the delegation of the Communist Party of Cuba [CPC] led by Comrade Jose Ramon Balaguer, Politburo member of

the CPC Central Committee, at the Mansudae Assembly Hall today, and held talks amid a friendly atmosphere.

Also present were Yim Sun-pil, vice director of a department of the WPK Central Committee, and Jose Ramon Rodriguez Varona, Cuban ambassador to the DPRK.

During the meeting, the head of the delegation said that he conveys the respected Comrade Fidel Castro's warm greetings to Comrade Kim Chong-il, the great leader [widachan yongdoja] of the WPK and the Korean people. He said that Comrade Fidel Castro asked him to convey to the great leader [widachan yongdoja] that he prays that there will be greater victories and results in the struggle to realize the lofty intention of the Great Leader Comrade Kim Il-song and that he is always thinking of Comrade Kim Il-song embraced with all the Cuban people's great respect and emotion.

He said that the purpose of the delegation's visit to the DPRK lies in developing friendly relations between the two parties and two countries which has existed historically, and hopes that the friendly relations between the parties, governments, and parliaments of the two countries will be all the more developed.

He said that the Cuban party and government support all problems which the Korean people resolve and carry out, and emphasized that their principle position will by no means be changed.

DPRK: Cuban Envoy Fetes Hwang Chang-yop, Cuban Politburo Member

SK1607054196 Pyongyang KCNA in English
0439 GMT 16 Jul 96

[FBIS Transcribed Text] Pyongyang, July 16 (KCNA) — Jose Ramon Rodriguez Varona, Cuban ambassador to the DPRK, arranged a party on Monday on the conclusion of the Korea visit of the delegation of the Communist Party of Cuba [CPC] led by Jose Ramon Balaguer, Politburo member of the CPC Central Committee.

Invited to the party were Hwang Chang-yop, secretary of the Workers Party of Korea Central Committee, and officials concerned.

Toasts were exchanged at the party.

DPRK: Cuban Delegation Departs After Four-Day Visit

SK1607083596 Pyongyang KCNA in English
0805 GMT 16 Jul 96

[FBIS Transcribed Text] Pyongyang, July 16 (KCNA) — The delegation of the Communist Party of Cuba

[CPC] led by Jose Ramon Balaguer, Politburo member of the CPC Central Committee, today left here after a 4-day visit to the DPRK.

During its stay, the delegation visited Mangyongdae, the Grand People's Study House, the Mansudae Assembly Hall, Pyongyang metro, the Tower of the Chuche Idea and the monument to party founding and saw a performance of the Pyongyang circus.

It also inspected the Revolutionary Martyrs' Cemetery on Mt. Taesong.

DPRK: Iranian Delegation, British Publication Editor Arrive

SK1607102096 Pyongyang KCNA in English
0934 GMT 16 Jul 96

[FBIS Transcribed Text] Pyongyang, July 16 (KCNA) — A delegation of the Ministry of Interior of Iran headed by its Vice-Minister Gholam Hossein Bolandian [spelling of name as received] and Keith Bennett, political editor of *ASIAN TIMES* of Britain and councillor of the European Society for the Study of the Chuche Idea, arrived here today.

O Hyong-chin, vice-chairman of the Central Standing Committee of the General Association of Korean Residents in Japan, today left here after a visit to the socialist homeland.

DPRK: Pakistan Muslim League Delegation Arrives in Pyongyang

SK1607095496 Pyongyang KCNA in English
0931 GMT 16 Jul 96

[FBIS Transcribed Text] Pyongyang, July 16 (KCNA) — A delegation of the Pakistan Muslim League led by M. Iqbal Dar, member of the Central Executive Committee and joint secretary of the Central Committee of the league, arrived here today.

The delegation was greeted at the airport by Kim Yang-kon, deputy director of a department of the Central Committee of the Workers' Party of Korea.

DPRK: WPK Central Committee Fetes Pakistani Party Delegation

SK1707041896 Pyongyang KCNA in English
0302 GMT 17 Jul 96

[FBIS Transcribed Text] Pyongyang, July 17 (KCNA) — The Central Committee of the Workers' Party of Korea gave a banquet for the visiting delegation of the Pakistan Muslim League at the Pyongyang Koryo Hotel on July 16.

Invited to the banquet were members of the delegation of the Pakistan Muslim League led by M. Iqbal Dar, member of the Central Executive Committee and joint secretary of the Central Committee of the league, and M. Ayaz Khan, charge d'affaires ad interim of the Pakistani Embassy in Pyongyang.

Hwang Chang-yop, secretary of the WPK Central Committee, in his speech highly appreciated the activities of the league, which makes efforts for the sovereignty and independence of Pakistan, peace and the prosperity and happiness of the people as an important political force of the country.

He noted that the Workers' Party and people of Korea will make every effort to deepen the bonds of friendship with the league in the future.

The head of the delegation M. Iqbal Dar said, "We have always followed the remarkable achievements made by the Korean people under the wise leadership of the Great Leaders President Kim Il-song and Marshal Kim Chong-il and the banner of the chuche idea."

Noting that the cooperation and friendship between the two parties and peoples will be further strengthened and developed, he stressed that Pakistan will invariably support the reunification of Korea.

DPRK: Party Delegation Arrives From Thailand

*SK1607095696 Pyongyang KCNA in English
0932 GMT 16 Jul 96*

[FBIS Transcribed Text] Pyongyang, July 16 (KCNA) — A delegation of the Palang Dharma (Righteous Force) Party of Thailand led by its deputy leader Krasae Chanawongse arrived here today.

The delegation was greeted at the airport by Kim Yang-kon, deputy director of a department of the Central Committee of the Workers' Party of Korea.

DPRK: Pakistani, Thai Party Delegations Visit Pyongyang Monuments

*SK1707042396 Pyongyang KCNA in English
0255 GMT 17 Jul 96*

[FBIS Transcribed Text] Pyongyang, July 17 (KCNA) — The delegation of the Pakistan Muslim League led by M. Iqbal Dar, member of the Central Executive Committee and joint secretary of the Central Committee of the League, the delegation of the Phalang Tham (Righteous Force) Party of Thailand led by Krasae Chanawong, its deputy leader, the delegation of the Ministry of Interior of Iran led by Gholam Hossein Bolandian, its vice-minister, and Keith Bennett, political editor of ASIAN TIMES of Britain and councillor of the European Society for the Study of the Chuche Idea,

visited the statue of the Great Leader President Kim Il-song on Mansu Hill on July 16.

They laid floral baskets and flowers and made bows before the statue.

DPRK: WPK Central Committee Fetes Thai Party Delegation

*SK1707041296 Pyongyang KCNA in English
0258 GMT 17 Jul 96*

[FBIS Transcribed Text] Pyongyang, July 17 (KCNA) — The Workers' Party of Korea Central Committee gave a party for the delegation of the Phalang Tham (Righteous Force) Party of Thailand at Pyongyang Koryo Hotel on Tuesday.

Speeches were made at the party by Hyon Chun-kuk, director of a department of the WPK Central Committee, and Krasae Chanawong, head of the delegation of the Phalang Tham (Righteous Force) Party of Thailand and its deputy leader.

Krasae Chanawong said in his speech that they learn lots of things from the chuche idea, which the Great Leader President Kim Il-song created and His Excellency Kim Chong-il developed and enriched.

Thanks to the chuche idea, Korea could develop the economy and all other domains in a short span of time, he noted, adding that President Kim Il-song enjoyed deep respects from the Korean people and he will be with the people forever.

He sincerely hoped that Korea will be richer and more powerful and the Korean people will achieve greater success in the future, under the wise leadership of His Excellency The Great Kim Chong-il.

DPRK: Friendly Gathering Held To Mark Mongolian Anniversary

*SK1607053196 Pyongyang KCNA in English
0438 GMT 16 Jul 96*

[FBIS Transcribed Text] Pyongyang, July 16 (KCNA) — A friendly gathering took place at the Korea-Mongolia Friendship Pyongyang Smngyo [as received] Senior Middle School on Monday to mark the 75th anniversary of the victory of the Mongolian people's revolution.

Invited to the gathering were D. Byambaa, Mongolian ambassador to the DPRK, and his embassy officials.

Vice-chairperson of the Korean Committee for Cultural Relations with Foreign Countries Chon Yon-ok, who is also vice-chairperson of the Korea-Mongolia Friendship Association, and others were present there.

The participants appreciated a performance given by the school's art circle and conversed in a friendly atmosphere.

DPRK: Article Views Growth of Unha Trading Bureau

*SK1607082696 Pyongyang KCNA in English
0754 GMT 16 Jul 96*

[FBIS Transcribed Text] Pyongyang, July 16 (KCNA) — Twenty years has passed since the Unha Associated Trading Bureau was established in Korea.

The trading bureau, which was inaugurated on July 15, 1976, involving some 40 factories, has developed to be the nation's leading processing trade centre made up of more than 100 industrial establishments.

Now it embraces textile mills with an annual production capacity of 6,000 tons of yarn and 30 million metres of cloth, garment factories capable of producing tens of millions of clothes every year, hose and button factories, technical offices, material supply companies, etc.

Over the past two decades the trading bureau's production capacity has jumped 40 times and the variety of exports ten times, while the number of technicians and experts has increased nearly 20 times.

Many factories of the trading bureau have been awarded the "order of Kim Il-song" and the title of guards laureate for their achievements in the efforts to implement the trade policy of the Workers' Party of Korea.

The trading bureau is dealing with some 50 companies of 15 nations.

DPRK: Kim Chong-il Urges Perseverance To Overcome Difficulties

*OW1607044796 Tokyo ASAHI SHIMBUN
in Japanese 14 Jul 96 Morning Edition p 7*

[Article by Ko Kodagawa, editorial staff writer]

[FBIS Translated Text] Secretary Kim Chong-il of North Korea, who has begun his third year of control of the nation based on his father's injunctions, urged the North Korean youth living in Japan who visited Pyongyang in February to make efforts to overcome the current wretched condition, saying "Let us persevere for three more years," it was learned 13 July. According to those concerned, the remarks by Kim Chong-il suggested his hopes to tide over immediate food difficulties through aid from international organizations, to somehow establish diplomatic relations with the United States and Japan in the next three years, and achieve economic reconstruction by taking advantage of normalized diplomatic relations.

Informed sources in Beijing said that Secretary Kim Chong-il met young activists affiliated with the General Association of Korean Residents in Japan [Chongnyon] who were visiting North Korea and told them: "Your motherland is undergoing difficulties. A road will open after three years. I ask you to persevere and work hard until then."

Secretary Kim, in a recent issue of NODONG SIN-MUN, disclosed that the nation will observe a three-year period of mourning for Kim Il-song, who died in July 1994. This indicates that his assuming the offices of president and general secretary of the party was postponed until after July 1997.

The country has adopted "a system of direct administration by Kim Chong-il," with Kim Chong-il letting about 10 of his close aides, who are in their thirties and forties, work out policy. However, as for economic reform, there is a view that "the old guards, who are the first generation of the revolution, are hard-headed and are impeding reform backed by success in a special economic zone and by South-North economic cooperation" (according to Kang In-tok, director of the South Korean Institute on Far East Affairs).

DPRK: Russian Writes Article Praising Kim Chong-il

*SK1507094696 Pyongyang KCNA in English
0919 GMT 15 Jul 96*

[FBIS Transcribed Text] Pyongyang, July 15 (KCNA) — Nikolai Mishin [name as received], director of the Paleya Publishing House of Russia, recently issued an article praising the great leader Comrade Kim Chong-il's benevolent politics.

The author in the article captioned "Beacon of Planet-Benevolence of Chuche" says that socialism of chuche based on the benevolence of Comrade Kim Chong-il, a great son of the planet, will be invincible and an era will arrive when the civilisation of humankind is modelled on the chuche idea.

He further says:

Comrade Kim Chong-il is not only the great father of the Korean nation who is possessed of all the traits and qualities befitting a leader on the highest level, but also a great leader of the 21st century.

Led by the great leader, the Korean people are able to firmly defend the fortress of socialism without wavering under so difficult and complex a situation.

Having as their creed the witty remarks of Comrade Kim Chong-il "Do not live today for today, but live today for tomorrow", the Korean people are pushing ahead with

socialism full of faith and optimism in the spirit of the "Arduous March".

An effort to break the firm will of the Korean people is as good as sweeping the sea with a broom.

Comrade Kim Chong-il, the supreme leader of the country, shattered to pieces the pressure and attack by the imperialists and renegade socialists, achieved the singlehearted unity of all the people with the education in the chuche idea and benevolent politics and increased the national defence capacities in every way.

The Democratic People's Republic of Korea is a country where the whole of society is a large harmonious family under Comrade Kim Chong-il's politics of love and benevolence.

Comrade Kim Chong-il, who is possessed of the noblest virtues on the planet, regards it as a lofty moral obligation to respect the revolutionary forerunners who shed their blood in the struggle for the freedom of the people, sovereignty, independence and victory of socialism and exalt their revolutionary feats.

The chuche idea founded by the great leader Comrade Kim Il-song is further developed and enriched by Comrade Kim Chong-il, a faithful heir to the cause.

The Korean people hold in high esteem and follow Comrade Kim Chong-il as well as Comrade Kim Il-song as their great father who defends their lives and gives them happiness, a member of their family and a great leader.

The world should be reorganised so that all of us on the planet may live in harmony in accordance with the ideal design of the socialism of chuche.

Comrade Kim Chong-il, new scientific ideology and benevolence of chuche are the basis of the existence of our planet.

The progressive humankind are looking up to Comrade Kim Chong-il, a steadfast fighter, as the beacon of the planet.

DPRK: Choe Tae-pok Attends Seminar on Kim Chong-il Chuche Book

SK1707063296 *Pyongyang KCNA in English*
0420 GMT 17 Jul 96

[FBIS Transcribed Text] Pyongyang, July 17 (KCNA) — A seminar of social scientists was held in Pyongyang on July 16 to mark the 10th anniversary of the publication of the Great Leader Comrade Kim Chong-il's work "On Some Problems of Education in the Chuche Idea" (July 15, 1986).

The work comprehensively indicates the fundamental character and superiority of the world outlook of chuche, the essence and composition of the driving force of the revolution and the problems arising in the establishment of the revolutionary outlook on the leader.

It completely expounds the superiority of the socialist system over the capitalist system and the matters of principle to develop it on the basis of the chuche principle.

The work is a lasting textbook for the ideological education of the Workers' Party of Korea, which enriches the chuche idea with new principles and contents and provides important guidelines to intensify the education in the chuche idea as the monolithic ideology of the party, it was stressed at the seminar.

Noting that the last 10 years clearly witnessed the justness and great vitality of the idea of the work, the speakers said that the Korean people have become a great people with absolute worship for the leader and the noblest morality and loyalty and that the whole society has become an invincible unit armed with the chuche idea and based on the wholehearted unity of the leader, the party and the masses under the leadership of Comrade Kim Chong-il.

Present at the seminar was Choe Tae-pok, alternate member of the Political Bureau and secretary of the WPK Central Committee.

DPRK: Kim Chong-il Thanks Servicemen, Units
SK1707034296 *Pyongyang KCNA in English*
0243 GMT 17 Jul 96

[FBIS Transcribed Text] Pyongyang, July 17 (KCNA) — The Great Leader Comrade Kim Chong-il extended thanks to officers of the Cha Yong-kol and Han In-sik Units of the Korean People's Army and their families for their communist virtues.

His thanks also went to a youth shock brigade and the South Hamgyong Provincial Committee of the Kim Il-song Socialist Youth League for the completion of the project of the youth pit of the Kumya Youth Coal Mine and to the Central Committee of the youth league for its assistance to them.

DPRK: Reunification Committee Remembers Kim Il-song 5 Jul

SK1607082796 *Pyongyang KCNA in English*
0757 GMT 16 Jul 96

[FBIS Transcribed Text] Pyongyang, July 16 (KCNA) — The International Liaison Committee for Reunification and Peace in Korea (Cilreco) sent special information of its secretariat to members of its presidium and

its affiliated organisations on July 5 on the second death anniversary of the great leader President Kim Il-song.

The document said that thanks to clairvoyant intelligence and tireless efforts of President Kim Il-song, the principle, program and way to realise Korea's reunification at an early date have been laid down. This is his most brilliant exploit in achieving the cause of Korea's reunification, it noted, and went on:

The committee solemnly prays for the immortality of the respected President Kim Il-song, who advanced the most excellent reunification idea and energetically led the whole nation to its realization, personifying the ardent desire and will of the Korean people for reunification.

His Excellency Marshal Kim Chong-il is at the head of the nation-wide patriotic struggle for the Korean people's unity and the country's reunification, and the future of Korea's reunification is getting brighter.

The committee calls upon all the public organisations and individual figures of the world desirous of Korea's reunification to widely organise and conduct an international solidarity movement for accelerating Korea's reunification in all forms and ways, as wished by President Kim Il-song in his lifetime.

**DPRK: Kim Il-song's Death Anniversary
Commemorated Overseas**

SK1607082496 *Pyongyang KCNA in English*
0751 GMT 16 Jul 96

[FBIS Transcribed Text] Pyongyang, July 16 (KCNA) — The second anniversary of the death of the great leader President Kim Il-song was commemorated in foreign countries.

A joint memorial service was held by Arab and friendly political parties and national liberation movement forces at the conference room of the Communist Party of Syria (Bagdash) on July 6.

Addressing the memorial service Abdul Wahab Rashwani, politburo member of the party, said President Kim Il-song is immortal along with humankind.

He further said:

"The respected Comrade Kim Il-song founded the chuche idea and built the powerful Democratic People's Republic of Korea by applying it.

"He extended full support to the world's anti-imperialist revolutionary forces and set an example of international solidarity.

"His great ideas and enduring exploits are kept in the memory of the progressives and revolutionaries of the world."

From July 3 to 7, memorial services were held in Sofia and Ulaan Baatar and by Havana-based Tri-Continental People's Solidarity Organization, chuche idea study bodies in Finland, Mali, Ghana, Ethiopia and Madagascar, the Central Committee of the Communist Party-KPML (R) in Sweden, the Swedish Committee for the Study of the Chuche Idea, the Sweden-Korea Friendship Association, the Karachi Branch of the Pakistan-Korea Friendship Association and the Lugazi Branch of the Uganda-DPRK Friendship Association.

**DPRK: Cuban Communist Party Delegation
Honors Kim Il-song**

SK1507041696 *Pyongyang KCNA in English*
0336 GMT 15 Jul 96

[FBIS Transcribed Text] Pyongyang, July 15 (KCNA) — The delegation of the Communist Party of Cuba (CPC) led by Jose Ramon Balaguer, Politburo member of the CPC Central Committee, on July 14 visited the Kumsusan Memorial Palace where the great leader President Kim Il-song is preserved in state.

It was accompanied by Hwang Chang-yop, secretary of the Central Committee of the Workers' Party of Korea, and Jose Ramon Rodriguez Varona, Cuban ambassador to the DPRK.

The members of the delegation paid respect before the statue of President Kim Il-song and made bows before the president, who is laid in state.

The head of the delegation wrote in the visitor's book that they would always remember the great leader of the Korean people, Comrade Kim Il-song, and that he would live an eternal life, enjoying deep respect and reverence of the progressive people in the world.

Comrade Fidel Castro, an intimate friend of Comrade Kim Il-song, and the Cuban people will cherish him in their hearts, he added.

**DPRK: Foreign Publications Mark Kim Il-song's
Death Anniversary**

SK1507081696 *Pyongyang KCNA in English*
0750 GMT 15 Jul 96

[FBIS Transcribed Text] Pyongyang, July 15 (KCNA) — Foreign publications issued articles to commemorate the second death anniversary of the great leader President Kim Il-song.

The Ugandan paper THE MONITOR carried an article titled "Great Man Alive in the Heart of Humankind" together with a portrait of President Kim Il-song.

The paper in the article says:

The respected leader of the Korean people, His Excellency Kim Il-sung, was a great thinker and theoretician, an outstanding statesman and the greatest man ever known in history, who was possessed of brilliant wisdom, rare leadership ability and distinguished traits.

That is why the peoples of many countries in the world deeply revere him and regard it as their pride and honor to have their units named after him.

Efforts to name units after his August name go on even after his death, not to speak of when he was alive.

As mentioned above, he is alive in the heart of humankind.

The Russian paper PATRIOT No. 26, the Indian paper BADI WAKIL, the Nigerian paper DAILY TIMES, the Iranian paper IRAN NEWS, the Ugandan papers THE NEW VISION and NGABO, the Syrian paper AL USUBUU AL RIADHI, the Angolan paper JOURNAL DE ANGOLA and the July issue of the Indian magazine WORKING CLASS carried articles under the respective titles "Under the Banner of Comrade Kim Il-sung," "Chuche Idea Indicating the Future Road of the World," "Kim Il-sung and Socialist Korea", etc.

On the occasion of President Kim Il-sung's second death anniversary the Indian magazine SOCIALLOOK was published in a special issue in July and the Bulgaria-Korea Friendship Association, the Pakistan-Korea Friendship Association and the Tanzania-DPRK Friendship Association published special issues of bulletin.

DPRK: Leaflets Praising Kim Il-sung 'Scattered' in ROK

SK1607082296 Pyongyang KCNA in English
0745 GMT 16 Jul 96

[FBIS Transcribed Text] Pyongyang, July 16 (KCNA) — Leaflets and postcards were scattered and distributed in Seoul and other areas of South Korea in conjunction with the second anniversary of the death of the great leader President Kim Il-sung, the Seoul-based radio voice of national salvation said.

Printed in the frontpage of copies of a leaflet found in Susong district, Taegu city, early on the morning of June 24 were letters "Let us deeply honor the memory of President Kim Il-sung, the sun of the nation, on the second anniversary of his death. Anti-U.S. Patriotic Fellowship Society" against the background of the sun on Mt. Paektu. Seen on the reverse were words of "Song of general Kim Il-sung" and letters "Let us hold President Kim Il-sung in high esteem for all ages and achieve the independent reunification under the leader Kim Chong-il!"

Copies of a leaflet seen scattered in Namwon city, North Cholla Province, on June 20 carried on the obverse "President Kim Il-sung, heaven of the nation, always remains alive in our heart. We never forget the liberator of the nation." And on the reverse "Let us live a happy life under general Kim Chong-il's patriotic agricultural policies and people-loving politics. Saeppyo! Peasant Society."

Meanwhile, mails containing postcards bearing letters "On the occasion of the second anniversary of President Kim Il-sung's death" have been delivered to many houses in Kangnam, West Gate, Yongdungpo and other districts of Seoul from the beginning of June.

DPRK: International Figures Send Greetings Honoring Kim Il-sung

SK1607054096 Pyongyang KCNA in English
0343 GMT 16 Jul 96

[Syrian, Palestinian, Polish names as received]

[FBIS Transcribed Text] Pyongyang, July 16 (KCNA) — Political and public figures of countries and delegates of international and regional organizations sent floral baskets of different sizes to DPRK missions to commemorate the second anniversary of the Great Leader President Kim Il-sung.

In the period from July 7 to 9, Cambodian and Syrian party and state leaders and public figures sent baskets of flowers to the DPRK embassies to be laid before the portraits of President Kim Il-sung. Among them were First Prime Minister Norodom Ranariddh and second Prime Minister Hun Sen of Cambodia, President of the Cambodian National Assembly Chea Sim, who is chairman of the C.C. [Central Committee], the People's Party, the first vice-president and the secretary general of the Cambodian National Assembly, the Cambodian co-ministers of home affairs, and Deputy General Secretary of the Arab Socialist Baath Party of Syria Abdullah al-Ahmar, Syrian Vice-President Zuher Mashariqa, the chief secretary of the Syrian presidential office, the secretary general of the Communist Party of Syria (Bagdash), and the director of the Engineer Department of the Syrian Ministry of Defence.

Secretary General of the Palestine Liberation Democratic Front Nayef Hawatmeh, the Revolutionary Council of the Palestine National Liberation Movement (Fatah), the Yemeni regional leadership of the Arab Socialist Baath Party and the general secretary of the Yemeni General People's Congress, president of the Cuban Institute of Friendship with the Peoples Sergio Corrieri, Chairman of the National Committee of the Romanian Socialist Party Vasile Orleanu, Chairman Victor Voichita and members of the leadership of

the Romanian Party for New Society, the chairman of the Romania-Korea Friendship Association, a delegation of the National Movement of the Genuine Lumumbist Combatants of Zaire, chairman of the C.C., the Polish Leftist Radical Party Boleslaw Jaszczuk, chairman of the Polish Republican Party Iagan and other politicians and public figures of Poland sent or personally laid floral baskets and bouquets before the portraits of the president at the DPRK missions on July 8, to pay homage to him.

During the period from July 6 to 8, a delegation of the Guinean National Assembly led by the first vice-president and public figures of Guinea, leader of the Amerindian Action Movement of Guyana Peter Persaud, chairman of the Guyanese National Committee for the Study of the Chuche Idea of Comrade Kim Il-song Robert Williams, MP of Britain Thomas Taller, General Secretary of the Britannic Communist Party Michael Hicks and other British figures from walks of life, Secretary General of the International Liaison Committee for Reunification and Peace in Korea Guy Dupre, Chairman of the C.C., the Communist Party of Germany Hans Wauer and other German figures and company managing directors, presidents of eleven companies of Singapore, and company officials of France sent or personally laid floral baskets and bouquets before President Kim Il-song's portraits at DPRK missions to pay deep respects to him.

DPRK: Foreigners Honor Kim Il-song at DPRK Embassies Overseas

SK1707043596 Pyongyang KCNA in English
0248 GMT 17 Jul 96

[People, place names as received]

[FBIS Transcribed Text] Pyongyang, July 17 (KCNA) — Foreign political and public figures and members of international organizations laid floral baskets and bouquets before portraits of the Great Leader President Kim Il-song to commemorate the second anniversary of his death.

On July 8, Syrian and Algerian foreign ministers sent a floral basket and a bunch of flowers to the DPRK embassies in Damascus and El Djazair.

From July 6 to 9 foreign political and public figures visited DPRK embassies to lay floral baskets and bouquets before his portraits and pay homage to him. Among them were Politburo member of the Central Committee of the Algerian National Liberation Front Abderahmane Belayat, representatives of the National Action Front Party and the Communist Party of Jordan, Vice-Chairman of the Central Committee of the Czechy-

Morava Communist Party Miroslav Lansdorf, vice-president of the Socialist Progressive Party of Lebanon Doureid Yaghi, the director of the International Affairs Department of the Central Committee of the Zimbabwe African National Union-Patriotic Front, the first secretary of the Frunze District, Dushanbe, Committee of the Communist Party of Tajikistan who is a member of the Presidium of the Party Central Committee and other figures of Tajikistan, speaker of the Lok Sabha (lower house) of India P.A. Sangma, general secretary of the National Council of the Communist Party of India Indrajit Gupta, general secretary of the Revolutionary Socialist Party of India C. Babyjohn, the chairman of the Laos-Korea Friendship Association who is also chairman of the Laotian Committee for Supporting Korean Reunification and members of the Kim Il-song Institute of Agricultural Science in Guinea.

The president and other officials of the International Taekwondo Federation, the director of the Southeast Asian Regional Office of the World Health Organization and members of other international bodies called at DPRK embassies and placed floral baskets and bouquets before portraits of President Kim Il-song, before paying respects to him.

DPRK: Foreign Media Commemorate Kim's Death Anniversary

SK1707081396 Pyongyang KCNA in English
0741 GMT 17 Jul 96

[FBIS Transcribed Text] Pyongyang, July 17 (KCNA) — Foreign publications carried articles marking the second anniversary of the death of the great leader President Kim Il-song.

The Indian paper SAMACHAR POST printed photographs of President Kim Il-song among people and carried articles titled "Comrade Kim Il-song Is Founder of Socialist Korea" and "'Song of General Kim Il-song' Is Immortal".

In "'Song of General Kim Il-song' Is Immortal" the paper said the history has never known such an outstanding, great man and leader of the working class as President Kim Il-song.

It further said:

"Comrade Kim Il-song pioneered the cause of socialism centred on the masses of the people.

"He founded the chuche idea, the first of its kind in history, and paved the way for socialist construction in Korea under its banner.

"His revolutionary ideas have served as the banner of socialism and communism and his socialist cause represents the future of humankind.

"He was, indeed, an illustrious leader, the great father of the nation and the sun of chuche who devoted his all to the country and the people, to the nation and the revolution and to the cause of human independence, the socialist cause."

The Russian paper PATRIOT No. 28, the Syrian paper TISHURIN, the Iranian paper KAYHAN INTERNATIONAL, the Algerian paper LE SOIR, the Mexican paper TRAVAJADORES No. 67, the Nepalese paper RISING NEPAL, the Jordanian paper AKHBAR AL ASUBUO, the Senegalese paper LE TEMOIN and the Dominican paper ULTIMA HORA carried articles titled "Proclaimer of Era of Independence," "Great Man Alive Forever in Mind of Humankind," "Retrospection of Friend," etc.

DPRK: Kim's Death Anniversary Marked in 'Many Parts' of ROK

SK1707081696 *Pyongyang KCNA in English*
0747 GMT 17 Jul 96

[FBIS Transcribed Text] Pyongyang, July 17 (KCNA) — The second anniversary of the death of the great leader President Kim Il-song was commemorated in many parts of South Korea, according to provincial and city committees of the National Democratic Front of South Korea (NDFSK) quoted by Seoul-based Radio Voice of National Salvation.

A memorial service took place at a hall in Songpa district, Seoul, on July 8 in the presence of people of various social strata.

A picture of President Kim Il-song was seen at the hall.

A priest Choe Chin-sok said in his address that President Kim Il-song was a peerless hero and an admirable heroic son of the nation who revived the nation. "He, who performed tremendous feats and dedicated his great life to the nation and humankind, will always be alive along with the history," he stressed.

"President Kim Il-song, the everlasting sun, soul and hope of the nation and humankind, is immortal under the leader Kim Chong-il," he said.

He called for achieving the reunification and eternal prosperity of the nation, upholding General Kim Chong-il, the savior of the nation and the lodestar of reunification, as wished by the president.

On the same day, an old man Kim Chong-chol and his family in Kurye County, South Cholla Province, and an old woman surnamed Pak and her sons and daughters

in Suanbo, North Chungchong Province, held memorial services, praying for President Kim Il-song's eternal life.

Professors and scholars in Masan city had a seminar "evening of reverence" on July 7.

Speaking at the seminar, a professor of Tong-a University said that though the history has known many famous statemen, President Kim Il-song is the only one who has been still venerated as deeply as in his lifetime.

Members of the Chunchon-based Paektu Working Youth Society gathered that evening and saw the North's documentary film with deep reverence for the president. The film was "The Fatherly Leader With Workers" they got abroad.

On the morning of July 8, copies of literature lauding the president's greatness and praying for his eternal life were scattered in the name of the Paektu Society to be seen by many citizens in Myongil-tong, Kangdong district, Seoul.

Copies of the society's literature were also seen in Itaewon-tong and around a market in Karak-tong, Seoul.

DPRK Officials Comment on 'Upsurges' in Electricity Production

SK1607070296 *Pyongyang Korean Central Broadcasting Network in Korean*
1200 GMT 14 July 96

[FBIS Translated Text] Electric power producers throughout the country under the Ministry of Power Industry are continuously effecting upsurges in electric power production, upholding the teachings left by the fatherly leader [suryongnim]. In an interview with central station reporter Pak Sang-kyu, Comrades Kim Myong-chun and Kim Hyong-nae, vice director and instructor of the Ministry of Power Industry, said the following:

[Begin recording] [Kim Myong-chun] Upholding the teachings left by the fatherly leader [suryongnim], the working class throughout the country under the Ministry of Power Industry is continuously effecting upsurges in electric power production. Summing up the results of electric power production by hydroelectric power plants during the recent ten days or so, almost 200,000 kilowatt-hours more in electricity were produced compared to the same period last month. Like all other hydroelectric power plants during this period, the working class of Taedonggang Hydroelectric Power Complex, in particular, operated all power generating facilities at full capacity, with the fervent desire to increase even 1 kilowatt-hour more and send it to socialist

construction sites; thereby, they could increase production by 1.2 times. Meanwhile, electric power producers of Changjiang and Hochongang Power Plants effected a proud innovation of producing 50,000 kilowatts of electricity more than in the same period last month by managing a high water level and a high efficiency rate, and by repairing facilities in advance.

Also, thermal electric power plants under the ministry effected great upsurges in production. In particular, the working class of the Tongpyongyang Thermal Power Plant inspected and repaired thermal production facilities in a proper way, and managed and operated machines following technical specifications and the standard operations manual, thus increasing production 2.4 times compared to the same period last month.

[Kim Hyong-nae] The heart of each electric power producer is full of resolution to keep the teachings left by the fatherly leader [suryongnim] until the end, and is high with the burning oath to be endlessly loyal to the leadership of the respected and beloved general by increasing electricity production. We will continuously revolutionize electricity production by tenaciously organizing economic work in accordance with the increased revolutionary ardor of the producing masses, who have vigorously launched forth, overflowing with boundless loyalty and optimism, upholding the red flag of the revolution. By doing so, we will actively contribute to achieving the growth and development of our country, our fatherland, which shines under the esteemed name of the great leader [suryongnim]. [end recording]

DPRK: N. Pyongan Works To Prevent Rain, Wind Damage to Crops

SK1707032196 *Pyongyang Korean Central Broadcasting Network in Korean*
1200 GMT 15 Jul 96

[FBIS Translated Text] The rural areas of North Pyongan Province are vigorously waging a struggle to prevent damage to farm crops from the rain and wind. The cooperative farms in the province are thoroughly taking measures to drain the fields and paddies of collected water in a timely manner. At the same time, they are taking measures to prevent damage from flooding — repairing banks of rivers and streams, digging the beds of rivers, and clearing out the ditches in the fields.

The cooperative farms in Yongchon County and Pakchon County, such as Tangsan Cooperative Farm and Sinhung Cooperative Farm, have repaired the facilities of water-supplying and water-pumping stations so that no matter what torrential rain may fall, they can drain the collected water without delay.

DPRK: Onchon County Farm Working To Prevent Flood Damage

SK1707032296 *Pyongyang Korean Central Broadcasting Network in Korean*
1200 GMT 15 Jul 96

[FBIS Translated Text] Mayong Cooperative Farm in Onchon County, the glorious land which the fatherly leader and the respected and beloved general visited several times, is taking thorough measures to prevent damage during the rainy season.

Within a short period of time, the functionaries and members of the cooperative farm worked vigorously to complete the project of protecting the banks of rivers and streams, and prepared a good water-drainage system.

The primary-level functionaries of the No. 6 work team regularly inspect the edges of rivers and streams, carrying out the work to prevent damage to farm produce by flooding.

The no. 4 and no. 5 work teams have persistently kept up their work efforts, keeping river banks well repaired.

DPRK: Software Development Center's Achievements Lauded

SK1607070096 *Pyongyang KCNA in English*
0444 GMT 16 Jul 96

[FBIS Transcribed Text] Pyongyang, July 16 (KCNA) — The Pyongyang Program Information Centre greets the 10th anniversary of its foundation.

Since the centre was set up in July 1986, it has made great achievements in developing software technology, true to the chuche-oriented scientific and technical policy of the Workers' Party of Korea (WPK).

Recently, it developed hi-tech Korean word processor program, phonetic processor program and made new progress in the research into sophisticated software technology that is of great importance in developing computer technology.

The centre has demonstrated the software technology of the country several times by displaying various excellent programs at international exhibitions and enhanced the technology through the ordered development and export of programs. A meeting was held to mark the anniversary of the centre on Monday.

The WPK Central Committee sent a congratulatory message to the officials and employees of the centre, highly praising them for building the centre as a powerful base of the country's development of latest science and technology and for making valuable achievements in science and technology.

The title of labour hero of the DPRK was awarded to Choe Chu-sik, director of the centre, and orders, medals and degrees of doctor and master to many officials and employees at the meeting.

A letter of pledge to the Great Leader Comrade Kim Chong-il was adopted at the meeting.

**DPRK: 'Harmonious Whole' of Leader, People
'Guarantee' Victory**

*SK1507092996 Pyongyang KCNA in English
0910 GMT 15 Jul 96*

[FBIS Transcribed Text] Pyongyang, July 15 (KCNA) — NODONG SINMUN today carries a signed article telling that the Korean revolution which advances with the might of harmonious whole of the leader and the people is invincible.

The daily says the harmonious whole of the leader and the people is a decisive guarantee for the victory of the revolution.

It goes on:

When the leader and the people are united in harmonious whole, they can defeat any formidable enemy and work epoch-making miracles in the revolution and construction. This is a precious truth the practice of our revolution has proved.

The harmonious whole of the leader and the people is, first of all, the source of the invincible strength which makes it possible to decisively smash the imperialists' moves and firmly defend the Korean revolution.

When the leader and the people struggle, sharing the destiny, they can firmly defend the revolution however desperately the imperialists and the enemies of the revolution may try. We defeated the two formidable imperialist enemies with the might of harmonious whole of the leader and the people.

Their harmonious whole is also a fundamental secret which makes it possible to effect ceaseless upswing in our revolution and construction, withstanding manifold obstacles.

If the leader and the people pool their strength, sharing their intention, there is nothing impossible and they can occupy any fortress of socialist construction. The history of our socialist construction shows that the people who share the destiny with their leader at difficult times give fuller play to the great revolutionary spirit.

Their harmonious whole is also the life-giving water which makes the revolutionaries of chuche type lead the most worthwhile and proud life and struggle full of revolutionary optimism.

Our revolutionary practice tells that when sharing life and death, sweets and bitters with the leader, can anyone create the worthiest life and make the revolution to the end, pulling through any hardships.

Their harmonious whole is the mightiest one which is formed in the struggle to withstand all storms of history and the invincible vitality of which is being fully displayed together with the advancement of our revolution.

It is the steadfast will of the Workers' Party and people of Korea to accomplish the Korean revolution, breaking through any obstacles with the might of harmonious whole of the leader and the people.

Today in Korea the harmonious whole of the great leader Comrade Kim Chong-il and our people is being consolidated. This harmonious whole is the organism of ideology, purpose and destiny.

The harmonious whole of the leader and the people who are united ideologically, purposefully and morally is the proud look of our society and the source of our invincible strength. We are firmly defending socialism, smashing the challenges of the imperialists because of the harmonious whole of the leader and the people, and we are dynamically struggling full of the conviction of the future and revolutionary optimism, pulling through any obstacles, because of this harmonious whole.

Only victory and glory will always shine on the road of the Korean revolution advancing with the might of the harmonious whole of the great leader and the people.

**DPRK: Editorial Urges People To Take Chuche
Idea as Faith**

*SK1507092796 Pyongyang KCNA in English
0902 GMT 15 Jul 96*

[FBIS Transcribed Text] Pyongyang, July 15 (KCNA) — NODONG SINMUN today dedicates an editorial to the 10th anniversary of the publication of "On Some Problems of Education in the Chuche Idea", a famous work of the great leader Comrade Kim Chong-il (July 15, 1986).

The editorial calls upon all the party members and other working people to work with the chuche idea as their faith. The chuche idea founded by the great leader Comrade Kim Il-song is the sole guiding idea of the Workers' Party of Korea and the life and soul of the Korean revolution, the editorial says.

It further says:

The Korean revolution and Korean-style socialism can emerge victorious only when all the people fight tenaciously, taking the chuche idea as their unshakable faith.

It is the most important for them to uphold the ideology and leadership of the great Comrade Kim Chong-il with intense loyalty.

The *chuche* idea, the revolutionary idea of Comrade Kim Il-sung, is precisely the idea and theory of Comrade Kim Chong-il. That we follow the idea and intention of Comrade Kim Chong-il means that we live and struggle in accordance with the requirements of the *chuche* idea, taking it as our faith.

The party members and other working people should safeguard Comrade Kim Chong-il, who is leading the Korean revolution under the revolutionary banner of the immortal *chuche* idea, politically, ideologically and with their lives.

The *chuche* cause will finally win as long as the *chuche* idea authored by Comrade Kim Il-sung brightly indicates our road and we are led by Comrade Kim Chong-il.

DPRK Daily Denounces 'Imperialist Policy of Blockade'

SK1707045396 *Pyongyang KCNA in English*
0433 GMT 17 Jul 96

["Paper on Imperialists' Blockade" — KCNA headline]

[FBIS Transcribed Text] *Pyongyang, July 17 (KCNA)* — NODONG SINMUN today brands the imperialist policy of blockade as a vicious and despicable method for domination.

The paper says in a by-lined article:

The imperialist policy of blockade is aimed at isolating socialist and independent countries politically and diplomatically, stifling them economically and containing them militarily so as to dominate the world.

Economic blockade is the key point of this policy.

Through economic blockade against socialist and anti-imperialist, independent countries, the imperialists try to create difficulties in economic construction in these countries so that the economy cannot develop in a balanced way and the people's life cannot be stabilized and improved.

They consider this will cause complaints among the people in these countries, aggravate the situation and compel the leadership to abandon their principle and comply with the demands of imperialists.

The imperialists employ every despicable means to blockade these countries economically. They block the target country from having normal trade relations with other countries, freeze the country's finance abroad and exercise international economic sanctions against it. The

ultimate goal of the economic blockade is economic strangulation. This illustrates the inhumane nature of the imperialist policy of blockade.

Besides economic blockade, the imperialists put military pressure on these countries.

The imperialists enforce the policy of blockade on the pretext of "international justice" and "regional stability."

In a bid to justify this policy, they brand the progressive countries as "human rights violators" and "terrorist states."

Their blockade policy is very tenacious. For instance, the United States has been blockading socialist Cuba for dozens of years.

This policy is very dangerous as it is carried out by allied forces of imperialism and international organizations.

This policy clearly indicates how desperately the imperialists work to establish the sphere of influence all over the world.

Although they resort to the blockade policy in an ambitious way for world supremacy, this policy will end in a failure in face of the struggle of the awakened progressives.

South Korea

ROK: Two Photojournalist Groups File Protest With USFK

SK0907114596 *Seoul YONHAP in English*
1028 GMT 9 Jul 96

[FBIS Transcribed Text] *Seoul, July 9 (YONHAP)* — Two Korean photojournalists organizations Tuesday filed a protest with the U.S. Forces in Korea over excessive body checks of Korean photojournalists at the U.S. military compound in Yongsan, Seoul.

The protest was lodged by the Korean Photojournalists Association and Korea Television Cameramen's Association in connection with the change-of-command ceremony held at the Knight Field to mark the inauguration of new USFK commander Gen. John Tilelli.

The protest said in substance, "Your side should be held responsible for the incidents resulting from nonsensical conducts and utterances and insincere guide made by your side personnel. We demand your side's explanation and apology."

Members of the two associations said that the U.S. military used explosive-detecting dogs in checking photographers trying to cover the Knight Field ceremony.

One American person went so far as to threaten that if the photographers and cameramen moved from designated areas, they would be expelled.

An official of the photojournalists association said his organization members boycotted the coverage of the ceremony.

ROK: Number of U.S. Servicemen Charged With Crimes Declines

SK1107011496 (Internet) *The Joong-Ang Ilbo* WWW in English 11 Jul 96

[FBIS Transcribed Text] Crimes committed by the U.S. servicemen stationed in Korea have dropped this year. The total number of American GIs booked on criminal charges during the first half of this year amounted to 259, down 32 percent from the 381 booked during the same period of last year. Among these figures, 8 servicemen received formal trials, down 68 percent from 25 people during the same period of last year. The number of people who were fined and released also dropped from 23 to 20 this year. U.S. servicemen who received a stay of prosecution decreased from 14 to 9, and the number of those whose cases were dismissed without arraignment dropped from 30 to 19.

ROK: Residents Near U.S. Firing Range Plan To File Suit

SK1107043096 *Seoul YONHAP* in English 0249 GMT 11 Jul 96

[FBIS Transcribed Text] Hwasong, Kyonggi Province (YONHAP) — Villagers living near a firing range of the 7th U.S. Air Force in Hwasong County, Kyonggi Province, plan to file a suit against the state demanding that 35 billion won be paid in compensation for the damage they have allegedly sustained from the noise coming from the firing range.

Involved in the move are some 3,500 people from approximately 730 households located near the firing range in Maehyang Village, Ujon, Hwasong County.

The plan calls for demanding 10 million won per person in compensation for a total of 35 billion won, for mental and physical damage they claim they have sustained from the noise caused by bombing and shooting exercises at the firing range since it was established in 1968.

Chon Man-kyu, 40, chairman of the committee pushing for compensation, said Thursday, "In the initial stage, we plan to file a 1 billion-won compensation suit before the end of the month in the name of 100 members of the committee. Another suit asking for the rest of the

envisioned compensation will be filed later after we can evaluate developments."

The villagers also plan to submit a petition to the National Assembly urging compensation for the noise damage, and seek the formation of a consultative body on the matter with the Defense Ministry, American forces and villagers represented.

The villagers are getting legal advice from the "Group of Lawyers Dedicated to the Realization of Democratic Society" and other lawyers.

ROK Trade Minister Urges Exemption From U.S. IPR Watch List

SK1707050696 *Seoul THE KOREA HERALD* in English 17 Jul 96 p 8

[FBIS Transcribed Text] Minister of Trade, Industry and Energy Pak Chae-yun Tuesday called for the United States to exempt Korea from its priority watch list (PWL) on intellectual property rights [IPR].

In a meeting with acting U.S. Trade Representative Charlene Barshefsky, the Korean minister said that Washington should fully reflect Seoul's efforts to protect foreign copyrights, software and trademarks when making its hit list.

Pak was responding to Barshefsky's demand that Korea provide better protection to American firms' copyrights and computer software. The Pak-Barshefsky talks were made on the sidelines of the Asia-Pacific Economic Cooperation (APEC) forum's trade ministers' conference in Christchurch, New Zealand.

Barshefsky, while positively evaluating Korea's implementation of the Korea-U.S. auto trade accord of September 1995, pointed out that the motor tax increase on jeep-like vehicles by Korea's local governments may run counter to the bilateral agreement, said ministry officials who were on hand.

Pak replied that reduced tax breaks on the four-wheel drive cars are just minor adjustments of a system which had been in place even before the agreement and never aimed at blocking market access for imported cars, the officials said.

The Korean minister then asked for U.S. cooperation in withdrawing its antidumping decision on color TV exports by Samsung Electronics Co. and sufficient compensation for the lost exports of textile products expected to occur because of the new country of origin rule Washington put into effect July 1.

Earlier in the day, Pak met with Denise Yue, Hong Kong's secretary for trade and industry, to discuss the promotion of bilateral trade and investments.

Pak and Yue agreed on the need for joint advances in China by combining Korea's capital and manufacturing technology and Hong Kong's experience and connections in the country.

On the second and final day of the trade ministers' conference, meanwhile, the participants extensively discussed the "built-in agenda," referring to the additional negotiations within the World Trade Organization agreement and further trade liberalization.

Pak particularly noted the need for the early enactment of a unified country of origin rule and one preventing circumvention dumping.

On an international telecommunications agreement promoted by industrial countries, Minister Pak, while noting that Korea has a positive interest in its progress, said that it would be necessary for more countries to take part in it. Items subject to it should also be agreed beforehand among involved countries, the ministry officials quoted Pak as saying.

ROK: Failure To Check on Issue Creates U.S. Trade Friction

SK1707091196 Seoul CHOSON ILBO in Korean
17 Jul 96 p 2

[Article by Washington-based correspondent Kim Chang-kyun: "Trade Friction That Could Be Avoided"; from the "Reporter's Memo" column]

[FBIS Translated Text] Every July, the U.S. Trade Representative [USTR] receives complaints from local industries about the unfair trade practices of foreign countries. Based on these complaints, the USTR designates priority foreign countries and can take retaliatory measures based on the Super 301. In most cases, the USTR is satisfied with a decisive concession it draws from the foreign country, using this "threatening means" as leverage. The memorandum of understanding on automobiles signed between the ROK and the United States toward the end of September 1995 also underwent this process.

The U.S. Automobile Industry Association submitted a complaint about the ROK to the USTR this year as well. The complaint notes the overall closed nature of the ROK market and stresses that the ROK decision to raise the local tax on jeeps is in violation of the agreement between the two countries.

The automobile memorandum of understanding signed in 1995 contains a clause that the ROK Government will not take any new measures that adversely affect, directly or indirectly, foreign automobiles' entry into the ROK market. The U.S. side claims that the ROK's decision to increase the local tax on jeeps after the last year's agreement is in clear violation of this clause.

In fact, the decision to raise the tax on jeeps was made in 1993. Under present conditions, where jeeps are identified as luxury cars, the decision was made based on the judgment that the low local tax applied to jeeps so far is unfair. The timing of implementing the decision had been postponed several times before authorities decided to implement it fully this year, generating complaints from the United States.

Trade experts maintain that if government negotiators had informed the U.S. side in last year's negotiation of the forthcoming increase in the local tax on jeeps, the U.S. side would not have raised any objections. In short, the ROK negotiators created friction that could have been avoided. Not informing the U.S. side of the decision to raise the local tax on jeeps was not part of a strategy to settle negotiations. Even the ROK officials at the negotiations were unaware of the scheduled tax increase. Sitting at table negotiating on the overall automobile market, they did not check into a problem that would emerge as a controversial issue in less than a year.

Over the negotiation table, tough arguments are sometimes necessary, and the negotiators sometimes employ a tactic of pretending not to know something that they are well aware of. However, the misunderstanding that surfaces every once in a while in trade negotiations between the ROK and the United States does not seem to have derived from this sophisticated technique.

It is regrettable that our negotiators have to repeat the practice of making a hasty decision when pressed, leaving behind another live coal for a problem.

ROK Police Investigate Hanchongnyon for Pro-DPRK Statements

SK0807121296 Seoul YONHAP in English
1018 GMT 8 Jul 96

[FBIS Transcribed Text] Seoul, July 8 (YONHAP) — The national police Monday launched an investigation of Hanchongnyon, a national college student activists organization, on suspicion of issuing a pro-Kim Il-song statement earlier in the day on the second anniversary of the North Korean leader's death.

In the statement, Hanchongnyon (Korea Federation of University Student Councils) offered "our renewed condolences" over Kim Il-song's death two years ago and stressed "Kim Il-song should be correctly evaluated."

The student activists body said "President Kim Il-song led armed guerrilla struggles against Japan during the Japanese rule and swept away pro-Japanese elements

and strove to create a new society in North Korea after national liberation."

Hanchongayon then urged the government to "stop staging military war exercises and malignant allegations against North Korea," and to "permit private-level humanitarian assistance to flood victims in the North."

"The Hanchongayon statement contains phrases in support of Kim Il-song in violation of Article 7 of the National Security Law which prohibits a person from encouraging or praising North Korea," a police officer said.

ROK Companies Reportedly Buying DPRK Bonds From Foreign Banks

SK1107051396 Seoul MUNHWA ILBO in Korean
10 Jul 96 p 11

[Report by Choe Chun-yong]

[FBIS Translated Excerpt] Some large ROK companies are reportedly buying North Korean bonds from European banks in the international financial market.

The acquisition of North Korean bonds is not for investment purposes, but for showing good faith to the North Korean Government when they develop business in North Korea.

According to the Hong Kong branch of ABN Amro, which has an office in North Korea, the ANZ, Morgan, and Grenpel [name as transliterated] recently recommended North Korean bonds to large ROK companies, and some \$10 million worth of bonds were purchased.

Michael Chae, North Korean bond broker of the ABN Amro Hong Kong branch, said: "The North Korean bonds are sold at 20 cents for one dollar face value. The face value of a \$10-million purchase is \$30 million."

Chae explained: "Unlike general state bonds, the North Korean bonds are a kind of certificate of debt broken down by foreign banks that provided loan to North Korea in the 1970's but still have not received interests, not to mention the principal sum."

According to a report issued by the ANZ, the largest creditor to North Korea, the size of the North Korean bonds is \$4.7 billion as of the end of 1994. Among the bonds, approximately \$800 million is available in the international financial market, but the actual amount being circulated is \$100 million. [passage omitted on other creditors and the example of Vietnamese bonds]

ROK: DPRK Deploys Newly Developed T-72-Style Tanks for Combat

SK1307055296 Seoul HANGUK ILBO in Korean
13 Jul 96 p 3

[Report by Hong Yon-o]

[FBIS Translated Text] It was learned on 12 July that North Korea has recently developed a new-model tank similar to the former Soviet-made T-72, and has already deployed scores of these tanks for actual combat.

A pertinent military official said: "It has been confirmed that newly-developed tanks which are almost identical to the former Soviet-made T-72 have been deployed with North Korea's ground forces." He added: "The military is currently analyzing their capacity, specifications, and date of development." Until recently, it was confirmed that North Korea had developed "Chonmaho" tanks, an improved version of the T-62. However, this is the first time tanks similar to the T-72, whose quality is much higher, have been detected.

In another development, North Korea has continuously built its capacity for surprise attacks, including the deployment of AN-2 planes and air cushion ships, doing so regardless of the severe food shortages, and thus giving the DPRK enough power to infiltrate 100,000-strong forces within hours. In addition, North Korea reportedly possesses 500 SCUD missiles and 27 missile launchers, and has even deployed mobile missile launchers for actual combat.

ROK: 120 Businessmen Apply To Attend Najin Investment Seminar

SK1407061596 Seoul YONHAP in English
0608 GMT 14 Jul 96

[FBIS Transcribed Text] Seoul, July 14 (YONHAP) — One hundred twenty foreign businessmen and officials have applied for participation in international meetings designed to promote investment into the Najin-Sonbong Free-Trade Zone in North Korea that are slated to open in Beijing and at the scene successfully in September.

Among the applicants are a delegation from the World Trade Association of the United States and the Percy Group, a leading American business entity specialized in industrial estate and port facilities construction, according to U.S. promoters of the events Saturday [13 July].

The applicants break down to 50 from the United States, 20 from Europe, 15 from Southeast Asia and Australia, 20 from Russia, Mongolia and China and 15 from Japan.

The number of participants in the round-table talks is expected to increase considerably when an eight-member North Korean delegation, South Koreans and Japanese businessmen who will visit the Najin-Sonbong area from Japan direct are added, the sources said.

A recent report had it that Seoul is mulling over sending a 100- strong team to the meetings.

Supported by the United Nations Development Program (UNDP) and the United Nations Industrial Development Organization (UNIDO), the meetings are sponsored by the Korea Research Institute at William Carey College in Los Angeles, the Center for American North Korean Understanding (CANKU), and the North's Committee for the Promotion of External Economic Cooperation.

The first meeting is scheduled to be held in Beijing Sept. 9-12 to be followed by one in the Najin-Songbong area Sept. 13-15.

ROK: Premier, Minister on Preparing for 'Sudden Changes' in DPRK

SK1707005196 (Internet) The Joong-Ang Ilbo WWW in English 17 Jul 96

[FBIS Transcribed Text] Prime Minister Yi Su-sung said Tuesday that "Although North Korea is increasingly more unstable, North Korea's tightly controlled and closed society is not expected to go through radical changes. However, related ministries are currently working on crisis-management programs to prepare for sudden changes in North Korea." The Prime Minister made these remarks during the second day of an interpellation session in the National Assembly.

Unification Minister Kwon O-ki also said, "There are no clear indications that the North Korean military is suffering from weaker control over its crisis-management system." But he added, "If North Korea cannot effectively deal with its food shortage, an unpredictable state could persist in the communist regime."

ROK: Western, Russian Banks File Lawsuit Against DPRK

SK1707032596 Seoul THE KOREA TIMES in English 17 Jul 96 p 1

[Korea Times Correspondent Yi Sang-sok]

[FBIS Transcribed Text] Washington — A consortium of 60 Western banks have filed a lawsuit with a U.S. district court to retrieve about \$1.4 billion in defaulted debts and interest from a North Korean state-run bank.

According to documents and court papers obtained by the HANGUK ILBO, a sister paper of THE KOREA

TIMES, the sum sought by them amounts to two thirds of North Korea's annual trade volume of \$2.05 billion.

The Western banks, including Russia's Bank for Foreign Economic Affairs, filed the lawsuit against North Korea's Foreign Trade Bank, which has played the role of a channel to funnel foreign exchange to the bankrupt country.

Washington sources said that the consortium took the action as the United States has moved to lift economic sanctions imposed on North Korea as part of the steps included in the "agreed framework," signed in Geneva in 1994.

The consortium sent notice of the filing of the suit to the Foreign Trade Bank Mission in France, which is a branch of the North Korean bank. At first, the North Korean mission initially refused to accept the notice, according to the petitioners.

"In case the plaintiffs win the case, they are expected to seize about \$8 million, which are frozen North Korean assets in the United States," sources said.

The seizure will also seriously hamper North Korea's trade activities because North Korean assets resulting from trade with the United States will also become target of the seizure.

Meanwhile, the U.S. Department of State refused to accept the plaintiffs' demand that the administration help them retrieve the defaulted debts.

ROK: DPRK's Kim Chong-u Says 'Market System' Planned for Najin

SK1707005896 (Internet) The Joong-Ang Ilbo WWW in English 17 Jul 96

[FBIS Transcribed Text] Kim Chong-u, chairman of North Korea's External Economic Cooperation Committee, stated Monday at a Najin-Sonbong business promotion seminar held in Tokyo: "We are developing the Najin-Sonbong area in accordance with the market price system. All the distribution of and currency exchanges for the products within the area will be conducted on the basis of capitalism's principles of supply and demand."

Kim also said "North Korean industries engaged in business in the Najin-Sonbong area will have the right of independent management and will be managed based on the market system." Analysts interpret this to mean that North Korea intends for the first time to partially adopt a free enterprise system.

ROK Minister's Remarks on Limit Line Create Stir in Assembly

SK1707054096 Seoul CHOSON ILBO in Korean
17 Jul 96 p 1

[Report by Yi Chol-min]

[FBIS Translated Text] During a plenary session of the National Assembly on the afternoon of 16 July, Defense Minister Yi Yang-ho said "North Korean vessels crossing over the Northern Limit Line [NLL] does not matter," thus creating a stir.

That day, lawmaker Chon Yong-taek of the National Congress for New Politics [NCNP] asked Minister Yi to explain the reason for the government's inactive countermeasures to North Korean vessels' provocations in the West Sea [Yellow Sea] following the 11 April general elections. Answering the question, Minister Yi said: "As the NLL was drawn up by our side to protect fishing boats, (North Korea) crossing over the line is not a violation of the Armistice Agreement."

When his remark aroused a stir among lawmakers, Minister Yi added: "What I meant is that the NLL in the sea is different from the Military Demarcation Line [MDL] on the ground, which is stipulated by the Armistice Agreement."

After the meeting, however, NCNP Spokesman Chong Tong-yong demanded the withdrawal of Minister Yi's remark and his dismissal, saying: "Minister Yi has made an absurd remark abandoning the NLL in the West Sea which both South and North Korea have observed for the past 50 years, and the crossing of which has always created a state of hostile relations. This is a very serious incident that threatens security."

Different from the MDL, the NLL was not stipulated by the Armistice Agreement, but was designated by the United Nations Command of its own accord in a bid to prevent UN vessels from cruising toward the North crossing the line. Accordingly, North Korea's violation of the NLL is not regarded as a violation of the Armistice Agreement. However, North Korea recognizes the limit line tacitly, so that it does not cross the line in ordinary times, having crossed it only rarely.

ROK: DPRK Ships Crossing Limit Line Face 'Firm Actions'

SK1707053296 Seoul YONHAP in English
0515 GMT 17 Jul 96

[FBIS Transcribed Text] Seoul, July 17 (YONHAP) — Any North Korean vessel violating the Northern Limit Line (NLL) or the seaward extension of the truce line will be dealt with strongly, the Defense Ministry said Wednesday.

In a statement, Ministry Spokesman Yun Chang-no warned that any NLL violation will be subject to firm actions in line with violations of the Military Demarcation Line on land.

On Defense Minister Yi Yang-ho's remarks at the National Assembly Tuesday saying that the ministry would not care if North Korean vessels crossed the NLL in the West Sea, Yun said that the minister was simply meaning to say that NLL violation does not constitute a breach of the Military Armistice Agreement.

"The minister's remarks did not indicate that it is all right for North Korean vessels to violate the NLL," he said.

The statement noted that when five North Korean speed boats crossed the NLL on last May 23, South Korean naval vessels sped to the scene to force the intruders back to the North.

The NLL is different, however, in nature from the Military Demarcation Line drawn under the Military Armistice Agreement duly signed by the United Nations Command in Korea and the communist side, it added.

"The NLL was unilaterally drawn by the UNC commander on Aug. 30, 1953 with a view to preventing military tension and protecting South Korean fishermen in the West Sea," it said.

Meanwhile, the Defense Ministry has decided to call the sea boundary of both the west and east seas as Northern Limit Line (NLL) effective next year.

At present, the sea boundary in the West Sea is called the NLL but that in the East Sea the Northern Boundary Line (NBL).

A ministry official said the two sides had no objection to the location of the NBL in the East Sea from the beginning.

"In the West Sea, however, we drew the NLL unilaterally after the two sides aired much difference as to the course of the line because the line had to be heavily bended as there were many islands under the south's control off the North Korean coast," the official said.

Because of the different names, there has been much confusion during naval exercises or in other defense programs, he added.

ROK: Article Describes Barter Trade on DPRK-PRC Border

SK0907044096 (Internet) The Digital Chosun Ilbo
WWW in English 1150 GMT 8 Jul 96

[First paragraph is Digital Chosun Ilbo WWW introduction]

[FBIS Transcribed Text] Chosun Daily reporters, Cho In-won and Kim In-ku, have been dispatched in Northeast China in the North Korea border region. They have been reporting on the lives and ordeals of North Koreans two years subsequent to the death of the North's former leader, Kim Il-song.

July 1, 2pm: trucks loaded with flour cross the China-Korea Friendship Bridge over the Yalu River from Dandong, China to Sinuiju, North Korea. In 30 minutes, 20 vehicles crossed and 10 waited at Dandong customs. At the carriageway meeting the customs office there was two-way traffic of flour trucks. An official of a trade company located at Dandong said that around 100 trucks go to Sinuiju each day. The trucks tare are around 10 ton meaning about 1,000 tons of flour are transported daily and over 20,000 tons monthly.

North Koreans repay the flour through copper, zinc, lead, aluminium, herb and fish product barter. These materials are supplied from all over the country. A 50-year old Chinese trader said that the North Koreans are frantically selling and trading their primary products for anything of value.

June 29, 7:40 am: 7-8 trucks loaded with lumber wait at the Samjang City Customs Office, North Korea. At 9am the trucks, driven by Chinese, began crossing the bridge over the Tumen to the Helong City on the Chinese side directly opposite. A Chinese-Korean in his 30s who runs an inn near Chinese Customs said that in excess of 20 trucks come to Helong daily and that the Chinese return the trucks with full tanks of fuel and sand-bags full of flour. Border trade is assisting in alleviating the North's food crisis.

North Korean customs offices request an additional 200 kgs of flour whenever a Korean-Chinese visits relatives in the North. A Korean-Chinese named Yi, aged in his forties, who trades with the North in Helong City said that about 500 tons of flour enters North Korea every month through this means under the title of "assistance to the fatherland".

In the border area black market trade is rife, the most precious commodity being the automobile. North Koreans are selling foreign-made automobiles to the Chinese. Most are re-painted second-hand cars which were earlier imported to the North. Such trade is impossible without the assistance from customs officials

on both sides thus indicating that high-ranking officials are involved in such trade. Contraband trade is most abundant in the areas near Helong where the Yalu River is its shallowest. On June 29 we observed 5 or 6 foreign cars including Toyotas parked near the North Korean customs office.

As the Yalu is very wide, the Chinese bring their vessels to the Sinuiju side and effect trade. North Koreans bring copper and steel and the Chinese supply them in return with wine, cigarettes, cookies and sweets. This trade is carried out at mid-night or late in dark evenings.

When we approached the Sinuiju side on July 1 by high speed boat, ten or so North Korean boys ran towards us. The Chinese captain of the boat said that they mistook the craft as one involved in effecting illegal trade. A boy aged 4-5 cried out in rapid repetition "I have copper, do you have sweets?"

Such barter trade is not everyone's province. Only the families of soldiers and policemen who live near the river can easily participate. The captain of the vessel said that those who trade must donate some of their takings to soldiers. The situation is no different near the Tumen River. The North Korean police did not stop the teenagers from yelling out and waving their hands at us.

ROK: MNU: Volume of DPRK-PRC Trade on 'Significant Decrease'

SK0807121396 Seoul YONHAP in English
1026 GMT 8 Jul 96

[FBIS Transcribed Text] Seoul, July 8 (YONHAP) — The volume of North Korea's trade with China has been on a significant decrease since the turn of the year.

Quoting Chinese customs statistical figures, a National Unification Ministry [MNU] official said Monday trade volume between China and North Korea totaled 135,760,000 dollars in the first four months of this year, a decline of more than 18 percent from a year earlier.

North Korea's exports to China slipped as much as 34 percent in the January-April period from the like period of last year, and its imports from China decreased more than 16 percent.

"The declining volume was because North Korea's production and purchasing power have slipped much due to its lingering economic difficulties prompted mainly by the shortage of energy and raw materials," the official said.

To make matters worse, China has introduced a belt-tightening economic policy featuring various imports-restrictive programs, he said, adding that China's de-

mand for cash settlement of trade has been dealing another blow to the North Koreans.

Imports by North Korea of Chinese food grains amounted to no more than 170,000 dollars in the four months compared with 3,680,000 dollars a year before.

On the other hand, North Korean imports of flour and its goods from China swelled much to 12,110,000 dollars in the January-April period from 1,510,000 dollars in the corresponding period of last year.

The official explained China has banned formal exports of food grains due to its own food problem whereas flour and its products can be dealt in freely in China.

ROK: DPRK Embassy in PRC 'Quietly' Marks Death Anniversary

SK0907014596 Seoul YONHAP in English
0053 GMT 9 Jul 96

[FBIS Transcribed Text] Beijing, July 9 (YONHAP) — The North Korean Embassy here quietly marked the second anniversary of the death of its former leader Kim Il-song Monday, hanging the national flag at half-mast and receiving mourners, mostly its citizens, but held no memorial service.

Some 40 bouquets of flowers were displayed as a tribute to the late "great leader."

The Chinese Government sent no official mourner to the embassy, nor a floral tribute.

A South Korean who has some acquaintances among the officials at the embassy said some South Korean individuals or businesses having business ties with North Korea were told to bring flowers to the embassy or just show up at the embassy.

North Korean stores and restaurants in Beijing closed to commemorate the anniversary.

A certain Ms Yi, who works at the show room here of Mansudae Publishing House, said, "Great leader Kim Il-song is with us today and tomorrow, for ever and ever," showing Kim's pin on her breast.

She added she would visit the embassy to pay her respects to the late leader.

Asked why she did not change the pin for Kim Chong-il's pin, she replied, "It depends on your way of thinking. I wear the great leader's pin on my breast because the three-year mourning period is not yet over."

Rumors have it that some South Korean firms having business relations with North Korea have sent flowers to the embassy.

Just a year ago when North Korea marked the first anniversary of Kim's death, a considerable amount of flowers in Beijing were carried to Pyongyang by a plane specially sent from North Korea.

Some South Koreans reportedly visited the North Korean Embassy Monday, including several alpinists and handicapped people.

ROK: 4 PRC Sailors Missing After Collision With ROK Freighter

SK1707060396 Seoul YONHAP in English
0159 GMT 17 Jul 96

[FBIS Transcribed Text] Yosu, South Cholla Province, July 17 (YONHAP) — Four Chinese seamen were listed as missing early Wednesday morning after a fish transport vessel collided with a South Korean freighter and sank in the sea near here.

Three of the seven crew members of the 168-ton Dongxing, registered in Shandong Province, were rescued.

A source at the Yosu Maritime Police said the crash occurred around 1:20 am in the sea 3.5 miles North of Komun Island, Samsan-myon, Yochon-Kun.

Police suspect that the Changil-Ho No. 9, a 1,595-ton chemical carrier, rammed into the stern of the Chinese vessel because of poor visibility due to thick fog.

The Korean freighter was heading for Yosu from Mokpo and the ill-fated Chinese ship for China from Tongyeong.

Maritime police sped four patrol boats to the disaster scene for an extensive rescue operation.

ROK: Farm Imports From PRC Up 'Sharply,' Adding to Trade Deficit

SK1707063196 Seoul THE KOREA TIMES in English
17 Jul 96 p 8

[FBIS Transcribed Text] Adding to the ever snowballing trade deficit, imports of farm products from China have sharply increased.

Ministry of Agriculture, Forestry and Fisheries statistics show that farm and marine imports from China amounted to \$412 million during the first five months of this year, an increase of 27.6 percent from the same period last year.

The growth rate is compared to the 17.7 [percent] gain overall for farm and marine imports of which the value stood at \$4,879 million during the same period.

The sharp rise was mainly ascribed to relatively cheap prices as well as the wider opening of the domestic market to foreign products.

In particular, the government initiated imports of the Chinese products in a bid to stabilize domestic prices.

Sesame imports had the stiffest increase among agricultural products at 295.7 percent to \$27.7 million during the January-June period over the year before.

Imports of cotton seed oil also marked a drastic increase at \$31.4 million during the period, up 204.9 percent. Rape oil imports also soared to \$10.5 million.

Chinese fruit imports also showed extreme increases. The import of peaches swelled by 112.5 percent to \$3.4 million. Other fruits worth \$7 million were brought in during the period, for an increase of 311.8 percent over the same period of 1995.

Of particular note was that the nation imported apples for the first time from China which were worth \$2.6 million.

Imports of peppers soared by 77.5 percent to \$18.1 million while imports of other materials used to make sauces increased 125 percent to \$6.3 million.

Other products which saw sharp increases include vegetable seeds at 230 percent, sweet potato starch at 76.5 percent, red beans at 105.9 percent and peanuts at 27.0 percent.

But corn imports, which made up a major share of imports from China, fell to \$1.6 million last year, down by 61.0 percent from the year before.

A ministry official said that imports of Chinese agricultural and marine products are expected to increase. The Ministry of Finance and Economy has imposed up to 100 percent tariffs upon the Chinese goods to protect the nation's farmers and fishermen.

"But the measure failed as Chinese goods are cheaper," explained the ministry official.

The nation is also set to purchase 445,000 sok (one sok is equivalent to 144kg) of rice from China for cooking purposes, to help cope with a possible shortage in the staple food grain.

**ROK Vice Finance Minister: Entry Into OECD
'Not Confirmed'**

SK0907055096 Seoul THE KOREA TIMES in English
9 Jul 96 p 9

[By staff reporter Yi Chang-sop]

[FBIS Transcribed Text] Deputy Finance-Economy Minister Om Nak-yong yesterday aired the possibility of liberalizing controls on certain aspects of long-term capital inflow, including bonds and foreign loans with maturity of more than five years, prior to Korea's

joining the Organization for Economic Cooperation and Development (OECD).

Returning from two days of meetings with OECD officials in Paris, Om stated the organization appears to have accepted Seoul's explanation that it would be unable to open the bond market fully and allow "cheap" commercial loans in, in view of the wide differential between domestic and foreign interest rates. However, they suggested that if Korea is unable to allow in short-term speculative money, it can permit in long-term stable foreign capital, Om said.

"I cannot say at this stage whether and what part of the controls on long-term capital inflow will be freed but I will convey the OECD's message to our policymakers, including Deputy Premier and Finance-Economy Minister Na Ung-pae," he said.

Om stated Seoul is in full agreement with the open economic system the OECD pursues but differs over the "speed" of liberalizing the Korean economy.

Om also said Korea's entry into the OECD was not confirmed but the membership process is proceeding smoothly.

According to him, all 11 OECD subcommittees "completed" their reviews of Korea's entry requirements and they will pass on their opinions to the decision-making council, consisting of resident representatives of OECD member countries.

The council has not rejected the entry of any country following the subcommittees' complete review of membership requirements and receipt of opinions from the various committees, he explained. Thus that is why the news media have been using such words as "confirmed" in talking about the nation's entry. However he went on to say, "We must wait until the OECD Council meeting in September."

Om apparently downplayed the prospects of the nation's becoming an OECD member so as not to build up false hopes. So far, no formal or informal statement or indication has been made by the OECD on the nation's becoming the organization's 29th member. But he indicated that the OECD "basically wants Korea as a member."

Throughout the Paris meetings last week, OECD members wanted to know whether Korea shares the club's basic philosophy of promoting a market economic system. "I answered that Seoul shares the OECD's basic philosophy but differed over the "speed" of liberalizing the remaining controls here," Om said.

OECD members were also unable to understand Korea's claim that the economy is faltering because of the

widening trade deficit and looming price instability, he said. OECD members stated an economy with a growth rate of 7 percent is an "envy." And Om said that OECD members have the impression that Korea was "exaggerating" its economic problems just to delay market-opening.

OECD wants Seoul to be more "bold and speedy" in liberalization, saying that Korea was too "timid and conservative." But Om said he accented that liberalization is good for raising economic efficiency but that liberalization must be made within a framework of not destabilizing the economy.

"You can tell a driver to speed up in view of his driving skills, but once an accident takes place, the driver will be injured or even killed. Then an outsider (OECD) may say we feel sorry," Om said. "Korean policymakers know liberalization here is conservative and careful," he added.

Om said the OECD members appear to be put off by the Korean media and critics saying "Seoul is paying too much just to become a member."

He explained the OECD emphasized that Seoul is liberalizing its economy, not for member countries, but for the good of its economy and people.

The deputy minister continued, "Korea has been liberalizing the economy not just to become a member. But ahead of OECD entry, we reviewed all existing economic rules and systems to check whether they need deregulation. If Korea had not filed to join the OECD, we would have left many outdated economic rules unchanged."

He said the nation's preparation for membership was a great opportunity to improve Korea's economic structure. In the process, OECD input was instrumental although critics described the suggestions as "pressure."

The deputy minister said there has been no "secret and behind-the-scenes" deal with the OECD to get membership. "We held open discussions with the OECD." He indicated, however, an additional opening of the economy by saying "Even before and after becoming a member, Korea will continue to liberalize the economy."

ROK Foreign Minister Discusses Cohosting 2002 World Cup

SK1107032596 Seoul YONHAP in English
0241 GMT 11 Jul 96

[FBIS Transcribed Text] Seoul, July 11 (YONHAP) — Foreign Minister Kong No-myong expressed his hope Thursday that by co-hosting of the 2002 World Cup soccer finals with Japan, South Korea will be able to

pave the way for the two neighbors to firmly establish future-oriented friendly relations.

Speaking at a Sawolhoe breakfast meeting — a group of people who took part in the 1960 democratization movement — at the Lotte Hotel, Kong said that "The 2002 World Cup will be the first world event to be jointly organized by South Korea and Japan, which have a special historical relationship."

"We need to establish a future-oriented friendly relationship based on an accurate knowledge of the past while wisely overcoming the unhappy burdens of ancient history," Kong said.

ROK Plans To Develop Ports as Northeast Asian Hubs

SK0907014696 (Internet) The Digital Chosun Ilbo
WWW in English 1155 GMT 8 Jul 96

[FBIS Transcribed Text] The Finance and Economy Board and Maritime and Port Administration have agreed in principle to convert three major ports at Pusan, Asan and Kwangyang to hub ports in North-East Asia and earmark a priority budget next year.

Under the agreed plan, the first stage development of the Asan Port will be completed by the end of next year, one year ahead of schedule, and the fourth stage of Pusan Port development and first stage of Kwangyang Port will be finished next year.

The Maritime and Port Administration said that in order to facilitate the handling of the trade traffic and administration between China and metropolitan areas, the second stage of Asan Port development will begin next year and be completed by 2001. It will handle 37 million tons of commodities, comparable with the 40 million tons handled by Inchon Port.

ROK: Statement on 'Comfort Women' Sent to Japanese Embassy

SK1007004096 Seoul YONHAP in English
0018 GMT 10 Jul 96

[FBIS Transcribed Text] Seoul, July 10 (YONHAP) — South Korean lawmakers delivered a statement to the Japanese Embassy here Tuesday calling on the Japanese Government to provide legal compensation to the so-called comfort women who were forced to serve in Japanese army brothels during World War II.

The statement, signed by 270 lawmakers and delivered to the Tokyo mission by Rep. Yi Mi-kyong of the opposition Democratic Party, demanded that the Japanese Government acknowledge the sex slavery for Japanese troops as an inhumanitarian war crime, as advised by

the UN Human Rights Committee, effect legal compensation for comfort women and punish those responsible for the sex slavery.

The statement urged Japan to withdraw its plan to set up an "Asian Peace Fund for Women," arguing that the private-level fund to take care of the comfort women issue distorts the substance of the issue in question.

Initiated by nine female lawmakers including Rep. Yi, the statement was first announced June 20 on the eve of Japanese Prime Minister Ryutaro Hashimoto's visit to Cheju Island and signed by 191 fellow legislators. Later, 79 other lawmakers signed the statement.

ROK: KT, LG, SMI Sign Accord To Launch TRS Service in Cambodia

SK1107020296 Seoul THE KOREA TIMES in English
11 Jul 96 p 8

[FBIS Transcribed Text] Korea Telecom (KT) will launch a TRS (trunked radio system) service in Cambodia, in December in a tripartite venture with the Korean firm LG Information & Communications Ltd. and Sea Mont Industries (SMI) of Singapore.

The three companies yesterday signed a contract to set up a joint venture, Mekong Telecom Mobile Inc., to undertake the project.

The joint venture will be established in August for a commercial service in the capital city of Cambodia. The new company will be capitalized at \$3 million won in the ratio of 60:30:10 by KT, LG and SMI.

The TRS service will be a quasi-cellular one with two-way traffic, capable of linking to the public telephone network.

ROK: Cambodia's Hun Sen Discusses Visit, Ties, Investment

SK1707062996 Seoul THE KOREA TIMES in English
17 Jul 96 p 2

[By staff reporter Son Ke-yong]

[FBIS Transcribed Text] Cambodian Second Prime Minister Hun Sen yesterday said that it was only a matter of time before full diplomatic relations with South Korea are established.

"Although we are not represented by the head of state, we enjoy full privileges. It is only a question of time," Hun Sen said in a press conference in Seoul's Shilla Hotel.

This is the first visit by a high-ranking Cambodian Government official since 1975 when the two countries severed ties. Last May, the two countries signed a

memorandum of understanding on the exchange of missions in a preliminary step to restore full diplomatic ties.

However, the prime minister is still cautious on the setup of ambassadorial-level ties. "We have made steady progress. Diplomatic relations can be slow, but we can step up economic ties in the current relations," he stressed.

The prime minister said that Korean companies will face no problem in business activities in Cambodia because, "At the current level of relations, it is enough to protect investment by Korean companies."

The setup of full diplomatic ties between Seoul and Phnom Penh has been delayed because of pro-North Korean King Norodom Sihanouk. Cambodia, a traditional ally of Seoul's arch enemy, North Korea, has begun to improve relations with Seoul in an apparent attempt to draw Korea's investment.

"King Sihanouk didn't object to the relationship between Cambodia and Korea because it was in the common interest of Cambodia," he said.

The prime minister noted that Cambodia's relations with North Korea will not affect the establishment of diplomatic ties between Cambodia and South Korea.

"The relations (with North Korea) will be maintained normally. My concern is not with North Korea but with South Korea," he said.

Hun Sen admitted that it was not appropriate to have this lower level of relations with South Korea, compared to North Korea, as South and North Korea joined the United Nations together.

He said that President Kim Yong-sam and Prime Minister Yi Su-song also "accepted this level of relationship and expressed understanding about this problem."

The prime minister said that one of the purposes for his visit to Korea was aimed at strengthening political relations.

"It is very important after 21 years of an absence of relations to rebuild our relations on mutual trust," he said.

Hun Sen said that the second purpose of his visit was to secure from Korea "assistance and investment."

"Korea is a country with a strong economy and technology. It also enjoys good relations with Southeast Asian countries except for Cambodia," he said.

The prime minister quoted President Kim Yong-sam's speech at the Asia-Europe Meeting held in Bangkok

in March, in which he said that Korea will play an important role in the Mekong River Basin Development Program.

As Cambodia is in the stage of economic development, it wants to learn from Korea's experiences during 40 years of its development process, he said.

Hun Sen called for South Korean companies' active investment in Cambodia which, though short of technologies, holds vast available land that is much cheaper than Korea.

The prime minister said that the most promising fields for investment are agriculture, the processing industry, light industry, construction, and telecommunications.

Earlier, the Seoul government pledged \$267,000 in aid to Cambodia in an international meeting to help the Southeast Asian country achieve economic development. In the near future, many South Korean conglomerates are expected to make major investments in the country.

Timed with Hun Sen's visit to Seoul, the two countries initialed two agreements to lay the legal groundwork for bilateral economic cooperation. One is an agreement on economic, scientific and technical cooperation, and the other is an agreement on the promotion and protection of investment.

ROK: Daelim Wins Thermal Power Plant Project in Indonesia

SK1007055396 Seoul YONHAP in English
0513 GMT 10 Jul 96

[FBIS Transcribed Text] Seoul, July 10 (YONHAP) — Daelim Engineering Co. said Wednesday that it has received a 350 million dollar order for a thermal power plant project in Indonesia on a turn-key basis.

The turn-key base calls for the Korean Engineering Company to take over all aspects of the coal-fired thermal power plant project, including design, procurement, construction and actual management.

The project includes the construction of two 100-megawatt power plants and two 55-mw plants; the order was placed by Sibolga and Amurang Power Stations, both designated by Indonesia's Electric Power Corporation P.T. Pln [as received] as private electric power project undertakers.

Daelim sources said work on the project will begin in October and will be completed by the first half of 1999.

Daelim Engineering, which has focused its overseas operation on petrochemical and gas plant projects on a turnkey basis in Southeast Asia and the Middle East,

plans to step up efforts to receive other power plant projects, according to the sources.

ROK: Uzbek Vice Premier Chzhen Arrives in Seoul 8 Jul

SK0907053196 Seoul THE KOREA HERALD
in English 9 Jul 96 p 8

[FBIS Transcribed Text] Chzhen Viktor A., vice premier of the Republic of Uzbekistan, arrived in Seoul yesterday for a five-day visit, the Ministry of Trade, Industry and Energy (MOTIE) said. Accompanied by a 12-member entourage of government and business officials, Vice Premier Chzhen will meet with Deputy Prime Minister Na Ung-pae, Minister of Foreign Affairs Kong No-myong and MOTIE Minister Pak Chae-yun.

At a Korea-Uzbekistan Trade Committee today, officials from the two countries will discuss the removal of stumbling blocks in expanding bilateral trade and investment, while seeking political solutions to difficulties facing businessmen operating in both countries, ministry officials said.

Chzhen, also the Uzbek-side chairman of the Korea-Uzbekistan Committee for Trade and Economic Cooperation, will promote economic exchange and friendly ties on a private level at the joint committee meeting. Separately, the Uzbek official will meet with chairmen of Daewoo Corp. and Kabul Group to call for Korean firms' brisk direct investments in his country.

Vice Premier Chzhen, a Korean-Uzbek, enjoys the confidence of President Islam Karimov, and also heads his government's committee for privatization, the officials said. He earned a Ph.D for research in economic reform toward the market economy. The two-way trade between Seoul and Tashkent amounted to \$379 million in 1995, the second biggest among the former Soviet republics of Russia, and is expected to grow sharply in the near future in view of the two countries' reciprocal economic structures, they said.

Korea's direct investments in Uzbekistan also stood at \$202 million on 12 projects, almost triple that of Russia. Daewoo Motor Co. has recently invested \$100 million in a joint-venture auto assembly plant which will start operation July 19 in an opening ceremony, the officials said.

The Central Asian republic has rich natural resources, including oil and natural gas reserves which are estimated as the world's 10th largest. It is also the fourth largest producer of cotton, accounting for 60 percent of global cotton supply.

ROK: Currency, Import Liberalization Outlined

SK1307122096 Seoul THE KOREA ECONOMIC WEEKLY in English 8 Jul 96 p 1

[FBIS Transcribed Text] Effective from July 1 this year, ceilings on won-currency banknotes and other domestic payment means such as stamps and negotiable securities which may be brought out of the country without the prior approval of the Bank of Korea increased from the previous 3 million won to 8 million won, the Ministry of Trade, Industry & Energy announced.

The export recommendation system was abolished for Korean-made motion pictures and videotaped materials, and the import approval system for musical records and videotaped materials was replaced with the import recommendation of the Performance Ethics Council, both effective from July 1.

The approval system for transactions of \$100,000 or less in foreign exchange only for souvenirs and banknote collection purposes was transferred to the notification system, but the ceilings were reduced to \$50,000 or less.

White ginseng of less than four years old and red ginseng may be exportable only with the prior notification, and the notification organization of ginseng export and import was changed from the Central Federation of Forestry Cooperatives to the National Forestry Products Inspection Office, the ministry said.

Veterinary drugs may be importable with only inspection-passed endorsement instead of the previous confirmation of the Korean Veterinary Drugs Association.

Belgium was added to the list of foreign countries which may export pork to Korea, thus increasing the number of pork exporting countries to 13, including the United States and Canada, it said.

ROK: Farm Imports Liberalized; Only 81 Items Still Restricted

SK1307122596 Seoul THE KOREA ECONOMIC WEEKLY in English 8 Jul 96 p 4

[FBIS Transcribed Text] Effective from July 1 this year, butter and 30 other farm and fisheries items were removed from the list of import-approval items and put on an automatic-approval list, sources at the Ministry of Trade, Industry and Energy said.

The 31 items lifted from the import-approval list are 18 items of fisheries products and 13 items of livestock products.

With the import liberalization this time, only 81 items are left intact in the import-restricted list under the HS [expansion unknown] 10-digit classification formula,

thus raising the nation's import liberalization ratio to 99.3 percent, the sources explained.

Of the remaining 81 items in the import-restricted list, 73 items will be liberalized from July 1 of 1997 and eight others from January 1 of 2001, the sources said.

Among the 18 items of fisheries products freed for import are pomfret (fresh or chilled), halibut (fresh or chilled), other flat fish (fresh or chilled), saury (fresh, chilled or frozen), plaice (frozen), skipjack (frozen), mackerel (frozen), hair tail (salted), cuttlefish (frozen), sea squirts (live, fresh or chilled), laver (chilled or frozen), other laver, saury (in airtight containers), jerk filefish and mackerel (in airtight containers), the sources said.

Among the 13 livestock products freed are evaporated milk, sweetened evaporated milk, buttermilk, butter, other fats and oils, lactose, artificial honey, ground-nuts products, undenatured ethyl alcohol and silk-worm cocoons, the sources said.

ROK: Rising Costs Lead Chaebol To Invest Overseas

SK1307125596 Seoul THE KOREA ECONOMIC WEEKLY in English 8 Jul 96 p 5

[FBIS Transcribed Text] Overseas investment by the nation's top five business groups will amount to \$60 billion for the next 10 years. When additional investment is included, the total investment will easily exceed over \$100 billion.

The nation's top five — Hyundai, Samsung, LG, Daewoo and Sunkyong — have increased their overseas investment by 20 percent at minimum and 375 percent at maximum this year. However, the increase rate of their investment in the domestic market hovers between 10 and 54 percent.

According to confirmed overseas investment plans, Hyundai will pour \$7.4 billion into overseas markets by 2001 on a group-level. Hyundai Electronics will lay out \$10.7 billion in their overseas operations, including its semiconductor plant in Oregon, the US.

The LG Group will put out \$10 billion in the Chinese market by 2005 and \$5 billion in India and Southeast Asia by 2000.

Besides the group-level investment of \$2.5 billion in China in 2002, Samsung Electronics plans to invest \$1.3 billion in its semiconductor plant in Austin, the US, by 1998.

The Daewoo Group will invest \$3.29 billion in overseas operations, including \$1.1 billion for its joint venture automobile plant in Poland. Of Daewoo's total investment

this year, overseas investment accounted for 45 percent. The group said the share will be half next year.

The Sunkyong Group recently mapped out its long-term investment plan, in which the group will invest \$20 billion in overseas operations by 2005.

An official of the Federation of Korean Industries said, "Along with strict administrative regulations, the three highs — high wages, high interest rates and high land prices — are urging domestic companies to leave Korea seeking a better business environment. Some of them are also trying to secure advanced technologies through overseas investment."

ROK: Clergymen Urge Government To Ensure Foreign Workers' Rights

SK1007115596 Seoul YONHAP in English
1116 GMT 10 Jul 96

[FBIS Transcribed Text] Seoul, July 10 (YONHAP) — One hundred leading Protestant clergymen on Wednesday urged the government to take statutory steps to ensure the minimum necessary basic rights of foreign workers in Korea.

In a statement issued on the occasion of the trial of Priest Kim Hae-song charged with unlawfully trying to protect a law-violating foreign couple, the clergymen also demanded that Priest Kim be set free.

The 100 signers included Rev. Pak Hyong-kyu, KNCC [expansion not given] Secretary Kim Tong-wan and Anglican Church Bishop Kim Sung-su.

The statement said that it would be an act defying the God's order for the government to overlook the suffering of foreign workers any longer.

"We will pray for the legislation of a law on the protection of foreign workers and the release of Priest Kim Hae-song," it said.

Priest Kim was arrested on last June 3 in connection with the police arrest of a Nepalese couple at the Songnam Foreign Workers House where the priest worked as a chief counselor.

ROK KCAB: Firms File 117 Claims Against Foreign Traders

SK1107020096 Seoul THE KOREA TIMES in English
11 Jul 96 p 8

[FBIS Transcribed Text] A total of 117 claims were filed by domestic companies against foreign trading firms with the Korean Commercial Arbitration Board (KCAB) last year.

The claim amount reached some \$17 million, according to the KCAB yesterday.

The KCAB also made public a list of 22 foreign trading firms who either declined to pay for the goods they received or shipped other products totally different from what were ordered.

The amount of damage incurred by Korean firms from the 22 foreign traders amounted to about \$62 million.

By national origin, Chinese firms topped the list at six cases, followed by Pakistan at three and the United States, Canada and Belgium at two each.

France, Hungary, Turkey, Sweden, Thailand, Hong Kong and Japan had one case each.

Following are the top six foreign companies in terms of claim amount listed in the KCAB claim document.

China Jilin International Economic & Technical Corp \$1,741,300, China Liaoning Ltd based in Hong Kong \$1,087,000, Sawa Sensyoku Kogei Co. of Japan \$516,000, Dubaerevanden Avenue of Belgium \$225,674, Creative Arts Inc of the United States \$158,943 and Knit-Set Canada Ltd. of Canada \$98,050.

ROK Increased Energy Use, Dependence on Foreign Sources Noted

SK1707053796 Seoul THE KOREA HERALD
in English 17 Jul 96 p 8

[FBIS Transcribed Excerpt] Korea's energy consumption has been on a sharp rise this year, the Ministry of Trade and Industry and Energy said.

According to the ministry figures, the nation's oil use through May totaled 69.4 million tons of oil equivalent (TOEs), up 10.4 percent from a year earlier.

By resources oil consumption, owing to the demand increase for naphtha, rose 7.7 percent from a year ago to 313.6 million barrels, and the use of liquefied natural gas soared 32.8 percent to 4.18 million tons, the tally showed.

Bituminous coal consumption, reflecting rising demand in the power industry, climbed 16 percent to 15 million tons, while that of anthracite coal dropped 17.1 percent to 1.86 million tons.

Industrial and household-commercial sectors showed higher consumption growth from the previous year with 7.8 percent and 12.1 percent, respectively, to 27.7 million TOEs and 16.3 million TOEs. The transportation sector hit by slowing car sales and falling physical distribution volume, increased only 8.9 percent, or half the level of a year ago, to 11.8 million TOEs.

Korea's energy import bill jumped 21.7 percent in the first five months to \$9.57 billion, and its dependence

ratio on overseas resources also edged up 0.4 percentage points to 97.5 percent. [passage omitted]

ROK: NKP Reshuffles Assembly, Government Post Holders

SK0907074796 Seoul YONHAP in English
0648 GMT 9 Jul 96

[FBIS Transcribed Text] Seoul, July 9 (YONHAP) — The ruling New Korea Party [NKP], in a follow-up to the recent appointments of most parliamentary Standing Committee chairmen, reshuffled its some post holders Tuesday, commissioning five of presidential nominee hopefuls as permanent advisers and naming 15 city and provincial chapter heads and Central Executive Council members [sentence as received].

The five are Reps. Kim Yun-hwan, Yi Han-tong, Yi Hoe-chang, Choe Hyong-u and ex-Rep. Pak Chang-chong.

The government party nominated Rep. Sim Chong-ku to chair the National Assembly budget and settlement committee, Rep. Kim Chung-wi to chair an ad hoc committee on the revision of National Assembly-related laws, and Rep. Mok Yo-sang to chair another ad hoc committee on election fraud.

With the reshuffle of party leadership in the wake of the April general elections thus completed, the ruling party plans to start realigning its organization including the appointment of district chapter chiefs in preparation for the 1996 presidential election as early as late July.

In addition to the five presidential nominee hopefuls, three party leaders — former Speaker Hwang Nak-chu, former Second State Minister for Political Affairs Kim Yong-chong, and former Rep. Kang Son-yong were named standing advisers.

The number of permanent advisers has increased to 13 with the current five — Reps. Yi Man-sop, Kim Myong-yun, Kwon Ik-hyon, former Prime Minister Hwang In-song and ex-Rep. Min Kwan-sik added.

Named metropolitan and provincial chapter heads, who sit ex officio in the central executive council, are Rep. Kim Chung-wi (Seoul), Rep. Kim Un-hwan (Pusan), Rep. So Hun (Taegu), Rep. Yi Kang-hui (Inchon), former Rep. Yi Hwan-ui (Kwangju) and former Rep. Song Chon-yong (Taejon).

Rep. Yi Hae-ku was nominated to head the provincial chapter in Kyonggi, Rep. Pak U-pyong one in Kangwon, Rep. Kang Hyon-uk one in North Cholla, Rep. Kim Chan-u one in North Kyongsang, Rep. Kim Tong-uk one in South Kyongsang, and Rep. Hyon Kyong-tae one in Cheju.

Three provincial chapter heads were retained. They are Rep. Sin Kyong-sik in North Chongchong, former Rep. Hwang Myong-su in South Chongchong, and former Rep. Chong Si-chae in South Cholla.

The 15 metropolitan and provincial chapters are slated to appoint the nominees their chairmen in their respective steering committee meetings Sunday.

Announcing the reshuffle, party spokesman Kim Chul said, "Priority was given to legislators who have been elected a number of times with consideration given to the provinces they hail from."

ROK: NCNP Decides To Publish Paper on President's 'Misdeeds'

SK1107011396 (Internet) The Digital Chosun Ilbo
WWW in English 1139 GMT 10 Jul 96

[FBIS Transcribed Text] The opposition party, The National Congress for New Politics [NCNP], decided Tuesday to publish a White Paper entitled "President Kim Yong-sam's Political Misdeeds" at the latest by the beginning of September. The report will be used to assist the compilation of this year's plenary session National Affairs Supervisors Reports and also as a tool to prepare for next year's presidential election.

The NCNP in this endeavor will form prior to September committees to assess the president's indiscretions in the personnel, economic and unification/diplomatic areas and prior to the presidential election it will form committees relating to education, social, culture and other spheres.

A high-ranking member of the NCNP said that the White Paper will cover the Kim government's biased cronyism, particularly towards colleagues and mates and its policies which are slanted towards the so-called P-K (Pusan-Kyongnam) area etc. It will condemn the inability of the government to deal with current economic difficulties and slam its isolated diplomatic situation and misguided and inaccurate statements and claims.

ROK President Kim Urges Cooperation Among Assemblymen

SK1007082396 Seoul YONHAP in English
0729 GMT 10 Jul 96

[FBIS Transcribed Text] Seoul, July 10 (YONHAP) — President Kim Yong-sam on Wednesday asked for the suprapartisan cooperation in national unification and security issues, saying he believes there will be significant changes in inter-Korean relations during the term of the incumbent 15th National Assembly.

"There will be neither ruling nor opposition parties in national unification and security issues," Kim said, predicting that important momentum for national unification will build during the current parliament's four-year tenure.

Kim made the remarks during a luncheon at Chongwadae [presidential offices] with the new National Assembly speaker, vice speakers and chairmen of the parliamentary standing and special committees.

Saying that the internal situation in North Korea is very uncertain, President Kim asked the government, National Assembly, and the ruling and opposition parties to work together to cope with the seriousness of national security, according to Presidential Spokesman Yun Yochun.

"The new National Assembly has begun at a very critical moment, particularly when considering the very serious North Korean situation such as the forward deployment of North Korean troops near the Demilitarized Zone," Kim said.

"Though North Korea is desperately plotting to alienate South Korea from the United States and Japan," Kim said, "our close ties are solid and firm."

Attending the meeting were Speaker Kim Su-han, vice speakers O Se-ung and Kim Yong-pae and the chairmen of 16 standing committees and two special committees.

ROK: NCNP Vice President Delivers Policy Speech at Assembly

SK1107031996 Seoul YONHAP in English
0208 GMT 11 Jul 96

[FBIS Transcribed Text] Seoul, July 11 (YONHAP) — An opposition leader called on President Kim Yong-sam Thursday to part company with the ruling New Korea Party and form a suprapartisan coalition cabinet.

Rep. Yu Chae-kon, delivering a policy speech at the National Assembly plenary meeting in his capacity as representative of the main opposition National Congress for New Politics (NCNP), asserted that by forming such a cabinet only Kim would win the support of the people and the opposition which has long turned a cold shoulder to his administration.

"Our politics has long been lost, the parliament has been off the track, and the people no longer trust politicians," the NCNP vice president claimed.

Citing preparations for the 21st century, national reunification and power transfer to an opposition party as the paramount political task facing the nation, Yu said the monopoly on power held by people hailing from spe-

cific areas over the past 37 years has increased evil in all walks of life in South Korea.

He added that if his party wins next year's presidential election, it will form a coalition cabinet for the first two years of its rule.

Only a suprapartisan coalition cabinet can rid the nation of the evils of authoritarian and dictatorial rule, discriminatory personnel policies in government agencies and corruption accumulated over the past half century, he stressed.

He warned that the ruling party would face strong resistance from the people and the opposition if it breaks its agreement to a parliamentary probe of the alleged vote frauds in the April general election and a parliamentary study on ways to improve election and parliamentary systems.

He called for the political neutrality of the public prosecution and police and impartial reporting by the electronic media, saying it is the cornerstone of democracy.

Yu opposed the ruling party's plan to exclude political parties from lower-level local elections, such as elections of ward heads and councilmen in metropolitan cities and county heads and provincial councilmen, asserting that political parties should name their candidates for such elections for the development of the local self-government system.

Describing President Kim Yong-sam's rule in the past three years and five months as "a total failure," the opposition leader called for removal of restrictions on and intervention in large businesses, a package of comprehensive measures in support of small businesses, repeal of the policy to import rice for use as a food staple and a special law implementing the World Trade Organization multilateral trade agreement.

On North Korea policy, he said the government should improve the nation's defense and security systems so that Pyongyang cannot misunderstand the situation, on the one hand, and seek reconciliation and cooperation with the North in a flexible manner to help open the channels of communication, on the other.

On inter-party relations, Yu said the existing inter-party relations should be respected, adding that election rigging and "recruiting elected lawmakers from other parties" should be done away with once and for all, since they have caused the recent political wrangling between the ruling and opposition parties that put the parliament off track for nearly a month.

**ROK: Kim Tae-chung 'Fidgeting' Over NCNP
Lawmaker's 'Criticism'**

SK1107020396 Seoul THE KOREA TIMES in English
11 Jul 96 p 2

[FBIS Transcribed Text] Kim Tae-chung, president of the National Congress for New Politics [NCNP], may be fidgeting in anger.

At a time when he is engrossed in expanding and firming up his base of support for the presidential election slated for December next year, he is being challenged.

The challenger is no other than his once-trusted confidant, Rep. Kim Sang-hyon, now the chairman of the NCNP's guidance committee.

In a series of lectures at universities and other functions, he said, he earnestly wanted the NCNP leader to be the next President. However, he has to rethink this, citing various polls.

The NCNP leader, who has failed three times in his bid for the presidency, has no chance at all. As things stand, he said, "We have to choose an alternative who can win."

By saying so, he indicated that he could be the choice and was ready to jump into the hot water of an in-party nomination race against the supreme party leader, who is widely known by his initials DJ.

His criticism of DJ does not end there. In an interview with a weekly, he said many promising politicians have been in the shadow of the imposing image of the two big Kims, DJ and President Kim Yong-sam.

Now, democracy is back on track, and therefore it is different. An alternative candidate to DJ has a better chance. The immediate reaction by DJ was to give a sidelong glance, feigning nonchalance.

But it was no secret that DJ is seething with anger. However, he has no proper means of venting his anger. If he takes any visible action against Rep. Kim, it might raise his status on a par with his own, which DJ is least likely to tolerate.

It was learned that DJ instructed his loyal followers not to show knee-jerk reaction to Rep. Kim.

However, DJ has not sat idle. A plan is said to be in the making to leave Rep. Kim to wither away on the vines, cut off from the party.

As part of such a scheme, DJ's most trusted valet Rep. Kwon No-kap is said to be planning to take up the party chapter in Andong, Kyongsangbuk-to, as a bridgehead in the Kyongsang province, where DJ's support is miserably low.

In preparation for the in-house nomination race against DJ, Rep. Kim has been taking care of the party chapters out of DJ's power base of the Honam provinces. Thus Rep. Kwon's move is to nibble away at Rep. Kim's seeming support base in the Kyongsang province.

Besides this, DJ is to take part in a training camp prepared for the chairmen of the party chapters who failed in the April 11 general elections at a summer resort in his home base of Sinan-kun, Chollanam-to.

All these moves cannot be completely unrelated to the alleged scheme to "throttle" Rep. Kim's ambition before it grows too big.

The two huddled at a meeting of the guidance committee yesterday. They only exchanged glances momentarily, without any nodding. This well bespeaks of the thick block of ice built in between the two.

The two leaders are on a collision course that can hardly be averted for now. Rebellion may not be confined to the NCNP. Tunes of rebellion may be loudly heard across parties notably the ruling New Korea Party sooner or later.

**ROK: NCNP Criticizes NKP for Not Apologizing
for 'Recruitment'**

SK1307065696 Seoul YONHAP in English
0440 GMT 13 Jul 96

[FBIS Transcribed Text] Seoul, July 13 (YONHAP) — The major opposition National Congress for New Politics (NCNP) blasted ruling New Korea Party (NKP) Chairman Yi Hong-ku Saturday for not apologizing for his party's post-election recruitment of independent lawmakers-elect when he met with NCNP President Kim Tae-chung in the morning.

"Yi should have apologized for the ruling party's gaining of a parliamentary majority through artificial means in accordance with an accord reached between ruling and opposition floor leaders," NCNP Deputy Spokesman Sol Hun charged.

Accompanied by NKP floor leader So Chong-won and his Senior Secretary Yi Wan-ku, Yi called on NCNP President Kim at NCNP party headquarters in Yoido. According to Sol, Kim noted that Yi spoke of inter-Korean issues only, making no mention of domestic problems at all.

NKP floor leader So, meanwhile, told his NCNP counterpart Pak Sang-chon by phone that since the conversation was dominated by South-North Korean issues, Yi apparently had no time to delve into domestic issues.

The opening of the 15th National Assembly had been stalled for nearly a month over a dispute concerning the

ruling party's recruitment of opposition and independent lawmakers to attain a majority in parliament. The NKP, which garnered 139 seats in the April 11 general elections, 11 shy of a majority, subsequently had 12 opposition and independent legislators join its ranks.

"We cannot comprehend why Yi visited the party's headquarters in the first place," Sul added. "It is a grave matter that he has squarely denied a bipartisan accord, giving rise to concerns about whether the ruling party will implement a number of agreements that it has reached with the opposition parties."

ROK: Kim Yong-sam Vows To Stay Aloof From 'Partisan Politics'

SK1707060896 Seoul THE KOREA TIMES in English 17 Jul 96 pp 1, 2

[By staff reporter Han Tong-su]

[FBIS Transcribed Text] In an apparent attempt to remain aloof from muddy partisan politics, President Kim Yong-sam yesterday said that he will keep his hands off the ruling New Korea Party, much less the National Assembly.

Kim is concurrently the head of the NKP.

Kim made the remark in a breakfast meeting with newly appointed members of the party's executive council, the supreme decision-making body, at Chongwadae.

Kim said he has been so burdened with a heavy workload of important national affairs for him to tackle as the chief executive that he wants to be free from affairs regarding the party and the Assembly, according to Rep. Kim Chol, NKP spokesman.

President Kim asked Rep. Yi Hong-ku, the former prime minister Kim had handpicked as NKP chairman last April, to manage the party and Assembly affairs under his full responsibility, the spokesman said.

Kim's remarks, however, should not be taken to mean that he will quit as ruling party president as had been demanded by opposition parties, NKP officials said.

In a keynote speech at the current special Assembly session, Rep. Yu Chae-kon, vice president of the main opposition National Congress for New Politics, called upon President Kim to leave the ruling party for impartial management of overall state affairs. The NCNP and the splinter ULD have maintained the same stance on the issue.

"It is impossible for President Kim to dissociate himself from the ruling party under the presidential system — the current form of government. Such allegations

can only be plausible under a parliamentary Cabinet system," a senior NKP official said.

Political analysts interpret the presidential remarks as an expression of his eager wish to totally engross himself in crucial national issues, including the sensitive North Korea affairs and reinvigoration of the sagging economy, during the remainder of his term.

"Kim also needs time to put his messy reform policies in order during the twilight of his five-year term, and this apparently prompted him to express his wish to have a respite from being constantly involved in the muddy 'three-Kim politics,'" an NKP insider said. The three Kims are President Kim and Kim Tae-chung and Kim Chong-pil in the opposition.

Kim's dislike for being included in the peerage of the two other Kims is another reason for his expressed wish to remove his hands from party affairs, he said.

"Despite his declaration, Kim, formerly a nine-term lawmaker himself, will not and cannot be completely free from party and Assembly affairs because he has an in-born itch for orchestrating partisan politics," the analyst said, requesting anonymity.

There is another reason for extrapolating his continued meddling in partisan politics — his eager wish to see his anointed successor from the younger generation humiliate the two Kims, his lifelong political foes, in the next presidential contest, and thus put an end to what he called "anachronistic politics," he said.

ROK Article Says Government Moves Chaotic, Policies Immature

SK1207003496 (Internet) The Digital Chosun Ilbo WWW in English 1157 GMT 11 July 96

[EDITORIAL: "We the Guinea Pigs"]

[FBIS Transcribed Text] The government's chaotic, unpredictable behaviour is to be condemned and throws our society into a state of confusion. Is the government suffering from sun-stroke?

First there was the announcement a few days ago by the Blue House [presidential offices] Secretariat that the due to presidential rage it had decided to scrap the 21st Century New City Plan. Then came the sudden revelation that after a meeting between the ruling party and the government, the plan to increase telephone surcharges in new cities was also to be abandoned. Finally we are notified that the government intends to specially control the retailers of luxury items as reaction to perceived over-consumption of expensive foreign luxury imports.

In a time where business is slow the government needs to formulate certain and believable policies and demonstrate prudence and wisdom. The more radical the policy the more important that it is kept under close guard until formal release. As it is, many policies in various stages of formation are being leaked to the public in all directions.

Typical instances of government indecision in respect of which rife leakage of its plans has occurred include the decision triggered by Presidential consternation not to delay the opening of the Royal Choson Museum despite the presence of toxic cement fumes, the transmission of a steel mill to Hyundai, the introduction of credit permissions to stimulate social overhead capital [infrastructure] and the plan to make lawful down-sizing by employers in the workplace.

Another incidence of government shilly-shally can be identified in relation to telephone charge policies. Originally regulation was introduced to harmonize telephone charges in all areas within a 30 km radius of Seoul bringing about the reduction of actual charge rates. Next the government announces that the cost of telephone calls is set to rise. Finally, it scraps plans to introduce new policy.

The government suffers from delusions of grandeur as it grandiosely predicts the imminent arrival of \$10,000 income per capita GNP generation and the admission to membership of the OECD [Organization for Economic Cooperation and Development]. These bloated predictions become the cause of what resembles a return to the "big gun" measures of old as the government, realizing it cannot meet its economic development, timetable thrusts upon us ballistic charges such as the special regulation of luxury item retailers and the special tax investigation of certain persons based on apocryphal reports. The government in creating such confusion in its policy-making endeavors and its constant scrapping of plans treats the people as if they are the guinea pigs upon which the government may try out its immature, poorly thought up policies and ideas.

ROK: National Interest 'of Paramount Concern' in Labor Reform

SK1707093796 (Internet) *The Digital Chosun Ilbo*
WWW in English 1034 GMT 16 Jul 96

[FBIS Transcribed Text] It is vital that the seven principles of reform mooted by the Labour-Management Relations Reform Committee currently considering the amendment of the country's exhibit a fundamental directional change in order to achieve a new brand of labour-management relations. [sentence as received]

The first principle requires the respect of international standards and custom, particularly the rights of workers to congregate, form unions and engage in joint action. We fully recognize the need for the guarantee to workers of these fundamental rights in the process of reform of labour-management relations.

However, in promoting such a policy it is necessary to take into account the harsh realities of society. There is no country in the world that is able to guarantee without exception or limitation the above rights to all workers. The Reform Committee will need to consider very seriously problems associated in this context with teacher and public service unions. In the process of upgrading worker rights the Committee must also take into account the need to harmonize labour policy with societal interests. Political interests and appeasement policies should play no role in the process of labour reform. Moreover, it is the overall national interest that should be of paramount concern.

Issues that have traditionally hovered in respect of group labour-management relations, such as the permission for multiple union coverage in the one workplace and the participation by third parties in union-management negotiations, both of which are currently proscribed, should be discussed by reference not only to the objectives of achieving union autonomy and democracy but in light of the need to respect the national interest as well so that a realistic and productive set of laws and guidelines can be formulated. The Committee must also take into account our economy which yearns for advancement. Emphasized should be the need to activate the labour market, strengthen our international competitiveness and make our labour situation multi-dimensional. While we need to correct the inflexibility and ineffectiveness inherent in the Labour Standards Law and our employment system, it is equally important to make our system flexible generally so that it may adapt easily to the ever-changing business climate. The goal of re-debating the reform of labour practices in this country should not be limited to simply the bringing about of normalization and modernization of labour-management relations but through the creation of new labour-management understanding and co-operation the goal should be to ultimately cultivate a growth in the national benefit and industrial competitive strength. In this regard the Committee should be careful to avoid settling upon its reform proposals with over-zealous pursuit of and reliance upon an unrealistic system of appeasement and permitting labour practices in this country to become politicized.

ROK Editorial Criticizes Seoul's 'Congestion Fee' Plan

SK1107012096 (Internet) The Digital Chosun Ilbo
WWW in English 1133 GMT 10 Jul 96

[Editorial: "Congestion Fee OK However..."]

[FBIS Transcribed Text] We are hesitant to levy further criticism on Seoul City for its decision to impose a bi-directional congestion fee on passenger car motorists using the number 1 and 3 Namsan Tunnels. In previous articles we have already identified the problems associated with City's plan. We do wish however to bring to the readers' attention two things which remain obscure in this connection. First, we query whether the level of the tax is appropriate. Second, we wonder whether the City has turned its mind to formulating a counter-plan to the inevitable congestion that will arise as drivers, eager to avoid the payment of the fee, choose routes or detours in order to bypass the tunnels.

Seoul City recently reported that it had concluded that it will be more effective to charge a congestion fee of 2,000 won rather than a 1,000 won impost. It makes sense that the higher the fee the more people will nominate to avoid the tunnels. If the aim is to reduce the amount of traffic in the tunnels then why not impose a 20,000 won toll? The aim, however, is not to simply reduce the number of vehicles accessing the tunnels but to deter people from stepping into their vehicles in the first place. In this regard it will make absolutely no difference as to whether a fee of 1,000 won or a charge of 2,000 won is levied.

There is nothing to suggest that the government carried out any research to determine whether or not the imposition of a congestion fee will reduce the amount of people entering the city center by road. Indeed there is no guarantee that motorists will simply avoid the tunnels and use other routes to find their way into town. The number of cars heading back and forth from South and North of the Han River is unlikely to drop appreciably and it is inevitable that the alternative routes and detours into and out of the city will become the sites of severe traffic jams.

Hence the tunnels will be empty. Compliance with the notion of administrative convenience would require the levying of a charge upon all motorists who enter and leave the city, irrespective of the routes they take. It would of course be impossible to administer the effecting of the charge at all such roadways. The City owes all motorists who choose to enter and leave the city via the number 1 and 3 Namsan Tunnels a tenable reason as to why only they must pay a congestion fee while motorists using other routes do not.

ROK: Police Release 2 on Trial in Chon 'Slush-Fund' Scandal

SK0907054896 Seoul YONHAP in English
0232 GMT 9 Jul 96

[FBIS Transcribed Text] Seoul, July 9 (YONHAP) — An Hyon-tae and Song Yong-uk, on trial for bribery in connection with the slush-fund scandal involving former President Chon Tu-hwan, were released from prison Tuesday by order of Seoul District Court.

Their detention period expired, the court's order said. They had been detained since Jan. 10.

They will now be tried without physical detention.

An is charged with accepting a 50 million-won bribe from a businessman and having arranged for several businessmen to give Chon bribes totaling 28 billion won while serving as Chon's chief bodyguard.

Song is also charged with having had Chairman Sin Kyok-ho of the Lotte Group give a 5 billion-won bribe to Chon while serving as national tax commissioner.

ROK: Chon, No Appear in Court, Backing Down on 8 Jul Boycott

SK1107072396 Seoul YONHAP in English
0610 GMT 11 Jul 96

[FBIS Transcribed Text] Seoul, July 11 (YONHAP) — Former Presidents Chon Tu-hwan and No Tae-u presented themselves at the court Thursday, backing down on their boycott on Monday of a court review of the 1979 mutiny and 1980 massacre cases.

The two former presidents and four co-defendants, whose lawyers have resigned in protest of what they call "an unfair trial," were defended by two court-appointed attorneys — Kim Su-yun and Min In-sik.

The 31st session of the trial, opened in Seoul District Court at 10 AM.

Taking the witness-box were six Army officers at the time of the bloody suppression of the May 18 democratization movement; Yun Hung-chong and So Chun-yol, commanders of the Army Combat Training Command; Chin Chong-chae, commander of the Second Army; Chong Ung, commander of the 31st Army Division; Choe Ung, commander of the 11th Brigade of the Special Warfare Command; and Kim Chae-myong, Army Chief of Staff for Operations.

The prosecutors and defense lawyers questioned the witnesses about the circumstances of martial law troops being deployed in Kwangju and of the abrupt replacement of the army combat training commander.

The witnesses were also questioned about whether or not there were two chains of command — one ordinary army chain of command and another through then military strongman Chon Tu-hwan.

ROK: Former Generals Give Conflicting Testimonies About Kwangju

SK1107232896 Seoul YONHAP in English
1154 GMT 11 Jul 96

[FBIS Transcribed Text] Seoul, July 11 (YONHAP) — Two former field commanders who took part in the brutal suppression of demonstrations in Kwangju in 1980, made conflicting testimonies Thursday as to the role of Chong Ho-yong who was in Kwangju then as special warfare commander.

At the 21st session of the trial of those involved in the Dec. 12 and May 18 incidents held at the Seoul District Court, Yun Hung-chong, former commander of the Army Training and Doctrine Command, said there were dual command channels at the time of the Kwangju incident.

One channel was headed by the training and doctrine commander who, as the district martial law commander, was supposed to command all the troops thrown into the Kwangju operations, he said.

Through the other channel, Yun said, Special Warfare Commander Chong Ho-yong personally directed operations on receiving reports from airborne unit commanders in Kwangju without going through the normal channel of the training and doctrine commander.

"At the time in Kwangju, there existed an exclusive reporting channel linking field airborne brigade commanders, special warfare commander, Army Vice Chief of Staff Hwang Yong-si and Defense Security Commander Chon Tu-hwan," Yun said.

Yon was sacked as training and doctrine commander a few days after the outbreak of the Kwangju turmoil allegedly because he was less firm in quelling demonstrators. He was succeeded by So Chun-yol.

On the other hand, Yun's successor so said Special Warfare Commander Chong did not intervene in normal command channels in Kwangju. "Chong merely offered advices for effective operations," he said.

So claimed all final-phase operations against demonstrators were executed under his own responsibility. He said his understanding was that there were no dual command channels in Kwangju then.

Meanwhile, former Second Army Commander Chin Chong-chae said that he and the training and doctrine commander directly recommended the martial law com-

mander for the invocation of self-defense right at the suggestion of field commanders.

It was known through the on-going trial that the self-defense right invoked was mistaken by some field commanders for a green light for opening fire at demonstrators.

The court decided to hold the 22nd trial session on next Monday to question eight more witnesses including Yu Pyong-hyon who was Joint Chiefs of Staff chairman at the time of the Kwangju incident.

The court plans to skip the 23rd session originally slated for next Thursday, July 18, and hold the 24th on July 25.

ROK: Eight Witnesses Questioned at Trial of Chon 15 Jul

SK1507030696 Seoul YONHAP in English
0257 GMT 15 Jul 96

[FBIS Transcribed Text] Seoul, July 15 (YONHAP) — Eight witnesses, including two former senior members of the Defense Security Command, were questioned Monday at the 22nd session of the public trial of former President Chon Tu-hwan and 15 cronies on charges stemming from their roles in the 1979 mutiny and 1980 massacre.

The session began in the Seoul District court at 10 AM [0100 GMT] with a three-judge panel presiding.

Those testifying included Yi Pyong-hyon, former chairman of the Joint Chiefs of Staff; Chong Tak-yong, former security chief of the Defense Security Command; Kim Chong-u, former anti-espionage operations head of the Defense Security Command; Kim Ki-sok, former deputy commander of the Army Combat Arms Training Command; and Yi Ku-ho, superintendent of Armor School.

Yim Hyon-pyo, former training division head of the Army Combat Arms Training Command; Paek Nam-i, former operations head of the same command; and Kim Chun-pong, former operations head of the 2nd Army also took the witness stand.

The trial session proceeded with former Presidents Chon and No Tae-u and four other co-defendants, whose defense lawyers resigned last week in protest of what they charged a speedy and unfair trial, defended by two court-appointed lawyers — Kim Su-yun and Min In-sik.

Prosecutors and defense lawyers questioned Chong and Kim, former senior officials of the Defense Security Command, about whether their command, then headed

by military strongman Chon, was directly involved in the bloody suppression of a civil uprising in Kwangju. They were also asked about how scores of politicians and dissident leaders were arrested on the eve of the Kwangju uprising.

All 16 defendants involved in the mutiny and treason cases including Chon and No were present for the trial session.

ROK Ministry Finalizes 'Defense Ability Improvement Plan'

*SK1207122296 Seoul YONHAP in English
1004 GMT 12 Jul 96*

[FBIS Transcribed Text] Seoul, July 12 (YONHAP) — A defense ability improvement plan featuring the introduction of some 50 amphibious landing vehicles with reinforced armor was adopted at the Defense Ministry's Defense Ability Improvement Committee Friday.

A ministry official said the new-model landing craft, costing 2 billion won each, will be produced in the country with technical assistance from the United States.

Also included in the 250-billion-won latest improvement plan is the procurement in the U.S. of a coastal surveillance radar system and an anti-air command control device.

Other projects are the disbursement of 2 billion won for the basic design of Korean-style KDX-II destroyer, and the lease from the U.S. some 30 advanced T-38 trainers, the official said.

Meanwhile, the expenses approved in the first half of this year for defense ability improvement projects totaled about 1,090 billion won.

ROK: Six Causes of Current Business Slowdown Viewed

SK1307122296 Seoul THE KOREA ECONOMIC WEEKLY in English 8 Jul 96 p 4

[FBIS Transcribed Text] The current business slowdowns have resulted mainly from decisive factors of the Japanese yen exchange fluctuations, a lack of readjustment for accumulating inventory and growing external deficit, all distinctly different from those aspects seen in business setbacks in the past.

This analysis was made by the Samsung Economic Research Institute, which picked six characteristics of the recent business slowdowns.

Among the six characteristics are effects being caused by the Japanese yen exchange rate, unprecedented ac-

cumulation of inventory stocks, expansion of the nation's trade deficit, sudden worsening of large enterprises' profitability, a lack of successful results from the government-initiated economic policies, and little effectiveness of the leading business indexes, the institute analyzed in its report.

Despite the weak Japanese yen against the U.S. dollar, the won currency has appreciated against the Japanese yen, thus weakening price competitiveness of Korean products, it said.

The accumulating inventory stocks should be resolved through reduction of production, and the business slowdowns also were partly caused by widening trade deficit deriving from rising international prices for major raw materials against decreasing export prices, it pointed out.

The sharp decline in export unit prices for major export items such as semiconductor chips and petrochemicals has worsened profitability of large enterprises, thus leading to the business slowdowns, it said.

In particular, the recent implementation of liberalization and self-autonomous measures also have weakened the effects of the government's economic policies, it disclosed.

ROK: MOTIE Discloses 10-Year Energy Technology Development Plan

*SK1107232796 Seoul YONHAP in English
0633 GMT 11 Jul 96*

[FBIS Transcribed Text] Seoul, July 11 (YONHAP) — The Ministry of Trade, Industry and Energy (MOTIE) has disclosed the "10 year National Energy Technology Development Plan" that involves a 2.05 trillion won (about 2,521.18 million U.S. dollars) investment, in which the nation's total energy consumption will be reduced by 10 percent, and alternative energy sources will supply 2 percent of the nation's total energy needs.

MOTIE revealed the plan at the third meeting of the resource policy advisory committee Thursday morning at the Korea Chamber of Commerce and Industry.

The investment will consist of 1.09 trillion won from the government and 949.5 billion won from the private sector, MOTIE said.

According to the plan, the government is going to organize research and rating teams by field and will concentrate its efforts on establishing technology infrastructure.

In addition, MOTIE said it will strengthen standards for oil quality control on a large scale to prevent the distribution of inferior oil products now that the oil and gas business has been deregulated.

Burma

Rangoon Looks to Asia for Investment, Ignores Pressure

BK1707091396 Bangkok BANGKOK POST
in English 17 Jul 96 p 16

[Report by Atchara Atchayakachai]

[FBIS Transcribed Text] Burmese economists have brushed aside international objections about the political situation in their country, saying Asian investors will be the economy's propeller.

Since the Foreign Investment Law was enacted in 1988, the Myanmar Investment Commission has permitted 192 projects worth nearly U.S.\$4 billion from 20 countries, the economists say.

So far there have been no withdrawals, claimed U Thin Maung, head of the Directorate of Investment and Company Administration.

As for the recent withdrawal of Heineken from the Singapore-based Asia Pacific Brewery, which invested in the Heineken brewery in the country, "it's not direct investment here," he explained.

There were some terminated projects such as oil exploration and mining companies that found less economic viability after certain period of doing business here, he said.

"There has been international pressure for years, since the SLORC's [State Law and Order Restoration Council's] existence, but looking at the turn of this century, the growth center will be in Asia not Europe or the U.S. Therefore, how worry about western sanctions?" he remarked.

Burma will officially start "Visit Burma Year" this October amid international concerns over the tight political situation in the country.

But officials say they are sure tourists will not be able to resist the beauty and endowments of Burma.

By the end of last year, over 100,000 visitors came to Burma, and spent roughly \$300 each.

It is estimated that tourism numbers will more than double, said U Thin Maung during the Bol [Board of Investment] Greater Mekong Sub-region Business Workshops.

Out of the total of \$4 billion of pledged foreign investment, \$1.4 billion has gone on 25 oil and gas projects.

Discovery of new offshore gas fields developed by foreign investors on a production sharing basis show that this sector could well be the prime driving force

in the development of Burmese economy in the near future, he said.

The Burmese government has gradually shifted its emphasis from import substitution to export-oriented industries, said Khin Than Nwe, deputy director of the Ministry of Industry.

Fifty-five manufacturing projects have been licensed, so far the biggest sector among other foreign investments, followed by the hotel and tourism sector with 36 projects totalling \$1.09 billion, according to U Thin Maung.

"We don't have a priority sector, but in the near future we may announce target industries," said the Burmese head of delegation to the second Bol workshop.

Rangoon has enough hotel projects, so there should not be new investments in the capital, he said.

"Investment will be commercially viable and will be encouraged in areas such as the historic sites at Mandalay and Pagan," said U Thin Maung.

Thailand is the second largest investor after Singapore in the sector, investing about \$180 million in eight projects. Thirty-one Thai companies have invested \$422 million in Burma.

Burma has also promoted the establishment of industrial parks, following other emerging markets such as Vietnam.

The licensing body Myanmar Investment Commission has so far permitted two industrial parks developed by Singaporean and Japanese joint ventures with the Ministry of Construction, said U Thin Maung.

Mitsui and Co has invested \$12 million or 60 percent equity in a 70-hectare industrial estate 17 kilometres from central Rangoon.

Burma: Officials Express Confidence in Future Investment

BK1707091596 Bangkok THAILAND TIMES
in English 17 Jul 96 p 3

[Report by Narirat Wiriyaiphong]

[FBIS Transcribed Text] Myanmar [Burma] authorities are confident their natural-resource rich country will attract investment worldwide, despite investor jitters over the unstable political situation and the lack of infrastructure.

Last week the U.S. government said it would consult Myanmar's neighbors over how to pressure Yangon [Rangoon] to make political reforms. This has

caused a negative investment climate which is discouraging investors worldwide, said one delegate attending a Board-of-Investment-sponsored Bangkok meeting yesterday focusing on development of the Upper Mekong region.

Other investment obstacles include widely different official and black market exchange rates.

However the Myanmar government is confident that the abundance of natural resources will continue to attract investors from all over the world.

According to Thin Maung, director of Directorate of Investment and Company Administration, Office of the Myanmar Investment Commission, the threat of political sanctions by the U.S. is not worrying to Myanmar since the government considers the hub of global economic development to be Asia, not the U.S.

In order to draw investors, Myanmar has become more flexible on foreign investments by allowing investors to participate in some industries it used to reserve for its local operators.

Reserved industries are teak processing, oil and gas exploration, jewelry, forestry, post and telegraph and telecommunications, railways, banks, insurance, radio broadcasts, financial institutions, airlines, and industrial estates.

The Myanmar government has been more flexible for those industries considered in need of assistance from foreign countries as this benefits the whole economic system, he said.

One of them is the banking and financial institutions business.

Foreign banks are allowed to expand their businesses in Myanmar by forming joint-venture arrangements with local operators, with the banks holding at least a 35 percent stake.

Meanwhile, the Myanmar government has formed joint ventures with Singapore to operate Mandalay Airways and Myanmar Airways and also jointly operates Rangoon Airways with a Thai group, Thin Maung Said.

Burma: Suu Kyi Urges Japan To Boycott Tourism Promotion Campaign

OW1707024196 Tokyo KYODO in English
0220 GMT 17 Jul 96

[FBIS Transcribed Text] Yangon [Rangoon], July 17 KYODO — Myanmar [Burma] pro-democracy leader Aung San Suu Kyi on Tuesday urged Japanese people to stay away from her country during an upcoming campaign by Myanmar's military government to attract foreign tourists.

Commenting on the arrival Tuesday evening of the first of regular twice-weekly direct flights between Japan and Myanmar, Suu Kyi told KYODO News that by staying away during the campaign, Japanese tourists will be showing their support for democracy in Myanmar.

Transport Minister Thein Win and other representatives of the country's ruling junta, also known as the State Law and Order Restoration Council (SLORC), were at Myanmar's international airport to welcome the inaugural flight from Japan.

State-run media hailed the flight as a good early beginning for the planned "Visit Myanmar Year."

The junta's tourist promotion "year" will run from November, when the annual dry season begins, until April next year.

Suu Kyi said anyone wanting to visit Myanmar should wait until the "year" ends, as an expression of support for democracy in the country.

Suu Kyi, whose National League for Democracy (NLD) won the May 1990 elections which the junta refused to recognize, is the daughter of Myanmar independence hero Aung San and winner of the 1991 Nobel peace prize.

The All Nippon Airways (ANA) Boeing 767, which arrived from Osaka's Kansai international airport with some 200 passengers aboard, was almost full.

Japanese housewife Fusae Mori, 63, who was on the flight, said she wants Suu Kyi to continue to call for democracy in Myanmar.

"But this is a country close to the hearts of the Japanese," Mori said. "Surely travel is all right. It's just that I think the conditions for accepting lots of tourists are not in place yet."

In an apparent effort to thwart a national NLD convention, the junta in May arrested more than 260 NLD members, most of whom had been elected in the 1990 general election.

Burma: Article Condemns Norway Radio Burmese Language Program

BK1707111896 Rangoon KYEMON in Burmese
14 Jul 96 p 5

[Article by Byatti: "Taking Refuge Under a Htamein To Escape Prosecution"]

[FBIS Translated Text] Fabrications by foreign broadcasting stations experienced in propaganda seem true, although they are not, and it is hard to judge whether they are good or we are ignorant.

During its 2100 cast on 8 July, a foreign-funded Burmese language program from Norway carried fabricated news about elected representatives during their tailored Burmese news program.

The Norway station concocted fabrications that the SLORC [State Law and Order Restoration Council] government, which has been condemned for arresting and imprisoning elected representatives of the National League for Democracy [NLD], has now resorted to pressuring NLD elected representatives to resign. It also reported that 16 NLD elected representatives have resigned since the mass arrest in May.

I would like to disclose some food for thought. At a time when the Medawgyi [derogatory reference to Aung San Suu Kyi], the founding mother of the NLD, was bragging about catching elephants and tigers, some semiliterate elected representatives joined in, but some conscientious elected representatives struggled free from the contaminated party of their own volition. Some cited age and health reasons, while some clearly expressed their disinterest in party politics.

The actions of the elected representatives have hurt the Medawgyi, who angrily and shamelessly reported in public that the resignations were without the party's approval and the consent of the electorate. In other words, it was the Medawgyi's attempt to make party members and sympathizers belittle those elected representatives who had resigned.

While the Medawgyi was being provocative, foreign broadcasting stations alleged that the resignations were because of the SLORC's pressure, coercion, and threats. The answer was clear.

Though the answer was clear, I became confused when I heard from the Norway station about Dr. Myo Nyunt, the NLD elected representative from Dedaye Township constituency. I found out the truth, however, after investigating political circles.

According to the broadcast from Norway, Dr. Myo Nyunt fled to avoid SLORC's pressure. His wife was threatened by SLORC to entice him to resign. His drug license was revoked, he was under economic pressure, and revoking his drug license in food scarce Myanmar [Burma] was akin to sentencing him to starvation. The broadcast also alleged that it was the SLORC's attempt to destroy his livelihood.

Innocent people, after hearing this news, would think the news seemed true and would feel doubtful. The actual incident was as follows:

Acting on a tipoff that Dr. Myo Nyunt, the elected representative from Dedaye Township Constituency-I

who resides at No. 67-B, Sethmu 1st Road, Myittanyunt Ward, Tamwe Township, was producing unlicensed medicines, a combined team—the Tamwe township medical officer, township general administration officer and his deputy, one police officer from the township police precinct, and the chairman of the ward law and order restoration council—searched his house on 24 June 1996. They found out that he was producing and selling: Digar B-Plex [name rendered in English] Vitamin B complex tablets; Digarton BP Tablets [name rendered in English] antihistamine tablets; Mom [name rendered in English] anti-gas tablets; and Paracetamol [name rendered in English] tablets.

After required interrogations, his wife revealed that the medicines were produced without a license. Therefore, responsible authorities booked Dr. Myo Nyunt at the Tamwe police precinct on 26 June under "Section 18/19 of the National Drugs Law."

Dr. Myo Nyunt, who is an artful dodger and afraid to bear the consequences, disappeared. In old horror movies, [actress] Daw Mya Lay transformed into a vulture when she covered herself with her htamein [lady's sarong]. Now elected representative Dr. Myo Nyunt, who turned into a vulture after covering himself with a pasoe [man's sarong], has also freely flown to an estate on the banks of Inya Lake. What an idea!

The Devi lady of the house also accepted him casually. Madam Myo Nyunt [derogatory reference] contacted the Devi lady of the house and was informed that her ladyship was busy in the garden—not mowing the lawn, picking up leaves, or sweeping—and he was told to call 530365 for further contact. This is the truth about the incident, unlike what the Norway station blurted out.

Why does an elected legislator want to produce illicit drugs? If legal action is taken against producing illicit liquor, what more should be taken against illicit drugs. Who will vouch for the drugs' potency? Who will suffer if the medicine proves fatal? Should Dr. Myo Nyunt be practicing alchemy? The allegation that sentencing Dr. Myo Nyunt to starvation by simply revoking his drug license is a joke because the least he could do is beg, and there is no way he is going to starve. Dr. Myo Nyunt has the right to argue "I am not a beggar to be begging. I am a doctor." Remember, however, he took shelter at the commonwealth estate. If the elected representative doctor feels he is right and can provide evidence to clear up the matter, then he need not flee but should settle the matter legally to show respect for the legal system. Those who have accepted him should also do what is required if they respect the law.

In comparison, I would like to report on another elected representative. Everyone is aware that authorities called

all NLD elected representatives for interrogation last May. Accordingly, U Sai Myint Aung, an advocate and NLD elected representative from Lashio Township Constituency-1, was taken from a hotel in Muse. In relation to that matter, it was reported that authorities shut down that hotel for six months as a penalty for accepting the elected representative as a guest. This matter also caused skepticism among the listeners.

Coincidentally, I came across an ex-politician in early June who had returned from a business trip from Muse who also told me about that matter. When I phoned his workplace and inquired about the closure of the hotel, he replied that the hotel was not closed and that he himself was a guest at the "Kyaw Kyaw" hotel. Meanwhile, the elected representative had already returned home.

The Norway station tried to fabricate exaggerations, saying that the hotel closure was to discourage entrepreneurs from associating with elected representatives. How strange. Elected representatives are not monsters, demons, and ogres for the people to dissociate from. Dissociation by the people because of their character, pride, and egotism does not concern the SLORC.

Whatever it may be, in the hearts of some elected representatives they believe in doing what they want, letting things happen as they please, and that they will get away with violating the law if they take shelter under the hamein at the commonwealth estate.

Dr. Myo Nyunt, the fleeing elected representative, practically proved the saying: "Taking refuge under a hamein to escape prosecution."

Burma: Than Shwe Accepts Credentials of Indonesian Ambassador

BK1707145196 Rangoon TV Myanmar Network in Burmese 1330 GMT 17 Jul 96

[FBIS Translated Text] Police Major General A. Poerwanto Lenggono, newly-accredited ambassador of the Republic of Indonesia, presented his credentials to Senior General Than Shwe, chairman of the State Law and Order Restoration Council [SLORC] of the Union of Myanmar [Burma], at the Ministry of Defense's Dagon House at 1000 today. Also present were Lieutenant General Khin Nyunt, SLORC secretary-1; U Ohn Gyaw, minister of foreign affairs; and Thura U Aung Htet, director general of Protocol Department.

Burma: Alliance Between Shan, Wa Rebels Reported

BK1607114896 Bangkok SIAM RAT in Thai 16 Jul 96 p 7

[Unattributed report]

[FBIS Translated Excerpt] [passage omitted] Pau Yu Chan, the current Wa leader who is the cousin of ailing former leader Kuauk Nyi Lai, went to see SLORC [State Law and Order Restoration Council] leader Lieutenant General Khun Nyunt on 20 June about the SLORC's pledge to give the area on west bank of the Salween River, including Doi Lang, to the Wa. The SLORC refused to honor the pledge and ordered Wa soldiers to leave the area. The Wa under Pau Yu Chan's leadership were very angry. It is expected that fighting will soon erupt between the 12,000 Wa soldiers and Burmese soldiers.

Moreover, groups of former Mong Tai Army soldiers who deserted Khun Sa have formed a united front called the Shan State Peacekeeping Committee to fight the Burmese Government. This new group has allied itself with the Wa, and the combined group is expected to try to seize the Khun Sa territory that the Burmese Government has authorized Khun Sa followers to administer.

Brunei, Malaysia & Singapore

Malaysia

Malaysia: Analyst Previews WTO Ministerial Meeting

BK1707091296 Kuala Lumpur THE STAR in English 15 Jul 96

[Second Part of "Focus: Earth Trends" by Martin Khor: "WTO Becoming Club for Rich Nations" — received via Internet]

[FBIS Transcribed Text] WTO [World Trade Organization] chief Renato Ruggiero was sharply criticised at a Kuala Lumpur conference last week for trying to shape the powerful multilateral agency into an instrument of the rich trading nations.

Countries of the South also came in for attack for their continuing weakness and disorganisation in the WTO and for allowing themselves to be pushed around.

These criticism were made by Chakravarthi Raghavan, chief editor of the Geneva-based South-North Development Monitor (SUNS) and a veteran observer of the trade scene, at the conference on The WTO: Perspectives of the South, organised by ISIS [Institute of Strategic and International Studies].

Raghavan told the meeting that ever since the WTO came into being in January 1995, its focus had been on the new issues proposed by the EU and US (environment, labour standards, competition policy and corruption).

This has caused resentment in many developing countries which feel that the WTO's first priority should be on the serious problems they face in having to adjust their economies to the new requirements of the Uruguay Round accords despite commitments to help poorer countries.

Raghavan noted that Ruggiero, an Italian, has been "going around the world canvassing support for the issues raised by the US and EU."

Ruggiero has also been actively supporting moves by the EU and Canada to place their proposed multilateral investment agreement on the agenda of the ministerial meeting in Singapore, despite the objections from many developing countries.

The director-general was thus acting more as an advocate for the rich trading nations rather than being the neutral administrative servant of all the WTO member countries.

However, said Raghavan, "No one so far appears to have formally raised this issue of his stance in any WTO body. Representatives of developing world are as responsible for this state of affairs as those of the developed."

Because of the enforcement power of a legally-binding trade agreement such as the WTO, the Northern countries are making efforts to extend multilateral trade obligations (or issues that traditionally relate only to trade) into areas and policies which have been dealt with at domestic level.

Failure by a country to comply could lead to trade sanctions against it. Thus, said Raghavan, the North has chosen to carry out "global governance" within the ambit of trade agreements and WTO trade retaliations.

Raghavan said the Kuala Lumpur meeting was the first meeting organised by the South.

The new trade agenda being pushed by the industrial countries was an attempt to win back what they had to give up in the Uruguay Round talks, he added.

They were also trying to "integrate" or draw in developing countries into a liberal or laissez-faire world order dominated by Northern-controlled corporations and which was reminiscent of the colonial-era international relations.

The US and other industrial countries sought to bring in many issues in the Uruguay Round by using the "trade-related" phrase. But due to opposition from the South, they had to confine the issues to those directly related to trade.

Before the Uruguay Round was concluded in December 1993, the North tried to come back with their original demands, seeking to introduce more issues, but now abandoning any pretense about their being "trade-related" and instead used the term "trade and" (for example, trade and environment or trade and labour standards) to describe these issues.

Having failed to get a commitment on these new issues at the Marrakech Ministerial Meeting, the North is now trying to use the Singapore meeting to reopen the package.

Referring to the trade and environment issue, Raghavan warned about attempts by some powerful countries to gain the right to take unilateral trade sanctions and measures against the developing world.

Such unilateral measures would mean the South might have to carry the burden of adjustments, whilst the North could then better preserve its present quality of life.

Some of the discussions within the WTO's Committee on Trade and Environment, he said, clearly suggest that the North countries are looking for gimmicks to satisfy their domestic lobbies.

They should instead seriously address the issues of equity and environment which may require a state regulatory and interventionist role within countries and strong co-operative approaches internationally to ensure that the burden is not unfairly shifted to the poor countries which have not been responsible for the ecological problems.

On the labour standards issue, Raghavan said that Northern unions and some social groups have become particularly worried about job insecurity, which they wrongly blame on the alleged unfair competitiveness of the South.

The high unemployment and increasing poverty within the North are due mainly to their own economic policies and not to competition from the poorer countries.

The ILO director-general had taken up the trade-labour issue, but has since retreated in the face of strong opposition from the South countries.

The North countries now talk only of "core" labour standards, and there is talk they only want some recognition of the issue (without commitment to negotiation) in Singapore.

However, said Raghavan, there is little doubt that this was just a beginning to place the issue on the WTO agenda.

No one should accept the argument of some Southern governments that try to justify restrictions on trade union rights on the basis of differences in cultural and other values.

When there are cases of a country failing to observe fundamental human rights or core labour standards, it would be a dangerous precedent for such violations to be judged by the ILO or the UN and then enforced through WTO trade sanctions by individual powerful countries.

Raghavan warned that such sanctions could be misused for protectionist purposes, which would not help the interests of labour at all — in the North or the South.

Several countries with problems of child labour or unsafe working conditions have excellent laws on their statute books and are parties to ILO conventions, but unlike the US clearly have problems of administration and enforcement.

"But when the US Labour Secretary gets up at the International Labour Conference this year and says that a rich country like his does not have the funds to establish an extensive labour enforcement machinery, is it then fair to coerce developing countries into doing so through the WTO sanctions?" he asked.

On the competition laws issue, Raghavan noted that it was ironic that while the industrial countries have doggedly refused to co-operate with developing countries to stamp out anti-competitive practices of their transnational companies, they now want the WTO to deal with the question and create rules to break open markets abroad for these companies and their exports.

The industrial world has not only shown little interest in international co-operation to eliminate restrictive business practices, but some of these countries even encourage export cartels.

Raghavan said that if the North were to use the WTO to induce an oligopolistic Coca-Cola/Pepsi-Cola type of competition in South, this might bring down prices, but could also destroy indigenous beverage industry.

And if the oligopolistic competition were of the nature of IBM/Compaq competition, it could prevent market entry of newcomers and reduce the technological capacity of develop [as published] countries.

Instead of raising the issue now in the WTO, Raghavan proposed UNCTAD, which has been dealing with restrictive business practices, should be encouraged to study these issues more.

Malaysia: French Minister Visits Deputy Premier 16 Jul

*BK1707122696 Kuala Lumpur THE STAR in English
17 Jul 96*

[Unattributed report — received via Internet]

[FBIS Transcribed Text] Kuala Lumpur: France's late entry into the fast-growing South-East Asian economies is not an obstacle for the country to benefit from the potential of the region.

Its Economy and Finance Minister Jean Arthuis said France was entering the region with great enthusiasm.

"It is never too late to do things right. Sometimes we invest based on old political relationships like with Vietnam, while forging new relations with other economies," he told reporters after holding discussions with Deputy Prime Minister Datuk Sri Anwar Ibrahim at his office yesterday.

Arthuis, who is on his first trip to Malaysia, is here at Anwar's invitation.

He said the balance of trade between Malaysia and France was for the first time in France's favour last year as Malaysia was buying goods like Airbus aircraft and gas tankers.

Last year, Malaysia imported RM [Malaysian ringgit] 6.6 billion worth of goods from France and exported RM3.5 billion.

"The balance had always been in Malaysia's favour before 1995. Unfortunately for France and fortunately for Malaysia, the balance will be in Malaysia's favour again this year," he said.

Arthuis expressed France's interest in becoming involved with the rail link project between Singapore and Kunming in China, as part of the Malaysian proposal to develop the Mekong Basin.

"France is known for its high-tech industries including the TGV [high-speed train], its own bullet train.

"We would like our involvement to be on a joint-venture basis and we can provide professional training on rail projects," he added.

Malaysia: Editorials Condemn PAS Decision To Cut Ties With Ally

BK1707112396

[FBIS Report] Two Malay-language newspapers, BERITA HARIAN and UTUSAN MALAYSIA, on 16 July carry 800-word and 700-word editorials on pages 10 and 6 respectively in connection with the recent

decision of the PAS [Pan-Malaysian Islamic Party] to sever political ties with the Spirit of 46 Party [S 46].

BERITA HARIAN says the decision made recently at the PAS Central Executive Committee meeting was long expected. It also notes: "The philosophy and ideology of the struggle of the two parties is comparable to the gap between heaven and earth."

In addition, **BERITA HARIAN** says it is clear that with the severance of political ties between the PAS and S 46 that the S 46 party is automatically out of the Islamic Solidarity Front [APU], which is headed by the PAS. The daily expresses its opinion that the APU should call a meeting in connection with the issue, which should include the two other components, namely *Berjasa* [Malaysian Islamic Front] and *Hamim* [Muslim Party]. The daily also adds that the S 46 party could be considered as being "hanged without a rope" in the APU should a meeting not be called.

In addition, **BERITA HARIAN** says that the APU should be dissolved if a meeting is not called or convened to deal with the issue. The daily says that that the "APU should no longer function if the PAS is given the ultimate authority to make decisions."

The daily notes: "After six long years of close cooperation between the PAS and the S 46 in their efforts to topple the National Front, their pact finally disintegrated at the seams." The daily says the issue to amend the existing state constitution to clip the power of the state ruler was one of the major factors leading to the PAS-S 46 split. It says: "The S 46 party actually felt hurt by the PAS action some time ago, with regard to the distribution of state assembly seats and the appointment of members of the state executive council."

Continuing, the daily says the Kelantan state residents' respect for S46 President *Tengku Razaleigh* has greatly declined as a result of the PAS power play and authority. In retaliation, S 46 leaders have started to lean toward UMNO [United Malays National Organization] and have tried to rejoin the party.

BERITA HARIAN expresses the opinion that "if the PAS had treated the S 46 party fairly all along, then there would have been no reason for S 46 to try to rejoin UMNO." The daily also notes that the DAP [Democratic Action Party] and some others, who had teamed up with the PAS, finally broke away from the PAS.

The daily goes on to note: "*Tengku Razaleigh* openly stated that the PAS decision indicated the party's lust for power, particularly among its leaders."

In conclusion, **BERITA HARIAN** says: "The PAS will definitely have to explain to the people its decision to

sever ties with S 46, while the latter will not remain silent. Nonetheless, mudslinging will continue between the two parties."

Meanwhile, **UTUSAN MALAYSIA**, in its 700-word editorial on page 6, says that PAS-S 46 cooperation was never, from the very beginning, based on a common struggle but instead was based on joint efforts to topple the National Front, particularly the UMNO, in the general election. Undoubtedly, they achieved a short-lived and limited success.

The daily also notes that the PAS has finally decided after several months of political turbulence and mudslinging to sever its political ties with S 46 and to expel it from the APU.

UTUSAN MALAYSIA continues: "The PAS is one party that is very hard to cooperate with. It was a component of the National Front for a time, but its membership was also shortlived."

The daily adds that the PAS will lose 12 state assembly seats following its decision to sever political ties with S 46. It also notes that UMNO was able to wrest seven seats in the last general election.

In addition, **UTUSAN MALAYSIA** says: "The PAS will still be able to control the state but cannot run from the fact that the party is shrouded by uncertainties." It adds that several major issues, such as the water supply by private concerns, have yet to be resolved.

UTUSAN MALAYSIA notes that "S 46 realizes that its coalition with PAS has brought it nowhere, and *Tengku Razaleigh*'s decision to return to UMNO and dissolve his party has given a new ray of hope to his followers."

The daily says that UMNO's strength will be further fortified should the action be carried out swiftly, and it will bring about a new aspiration to recapture Kelantan state.

In conclusion, the editorial suggests holding an election in Kelantan to end the uncertain situation in the state and to let the Kelantan community itself decide and make their own choices.

Cambodia

Cambodia: Ranariddh Reports on Aid Conference in Tokyo

BK1707103696 Phnom Penh National Radio of Cambodia Network in Cambodian 1300 GMT 16 Jul 96

[Statement by Cambodian First Prime Minister *Norodom Ranariddh* to national radio and television

correspondents at his residence in Phnom Penh on 16 July — recorded; poor reception precludes fuller processing]

[FBIS Summary] In his 45-minute statement, First Prime Minister Norodom Ranariddh discusses the outcome of the recent consultative meeting in Tokyo on aid to Cambodia.

Ranariddh says that at the meeting the United States, France, Indonesia—which represents ASEAN—and some other friendly countries expressed concern over a number of issues, such as political stability in Cambodia, conflict between the co-prime ministers, democracy, and the prospects for the elections in 1997 and 1998. He says: "These countries have asked the Royal Government to complete the laws dealing with election and political parties as soon as possible. They have also asked our National Assembly to pass these laws as soon as possible."

Ranariddh says that he and Second Prime Minister Hun Sen "on behalf of the Royal Government have stressed that these elections should be organized by the Cambodians themselves and for Cambodians." Ranariddh also discusses Cambodia's need for technical assistance from the international community. He assures the meeting that a national election commission will be set up and that the police and the Khmer Royal Armed Forces will remain neutral in the elections; foreign observers will also be present.

Ranariddh says the Cambodian delegation was invited to an informal gathering on the eve of the formal meeting on 11 July to talk about political and election issues, after which "the Japanese foreign minister and prime minister were very pleased."

Talking about aid pledges, Ranariddh says: "The meeting has decided to give some money and a lot of technical assistance worth \$501 million: \$232 million in bilateral aid and \$269 million in multiparty aid. Non-governmental organizations have also received \$17 million for their projects. So, altogether it is \$518 million, more than the \$510 million we expected." Ranariddh says: "In conclusion, the pledge for 1996 is appropriate for our needs for our proposal."

He says: "I would like to take this opportunity to say that the people are not listening to one or two Cambodians, regardless of how important these persons think they are. These persons sent a 22-page document over the Internet calling for conditions to be imposed on Cambodia before aid is given, and so on. No one listened to them; no one discussed it." On the same issue, Ranariddh adds: "I would therefore like to advise some politicians not to dream too much; it is better

to save energy for the 1998 election." Ranariddh also calls on these politicians to return to serving the nation, instead saying that it is all right with him if they want to return to FUNCINPEC (National United Front for an Independent, Neutral, Peaceful, and Cooperative Cambodia).

Referring corruption allegations, Ranariddh says that, in most cases, aid was not given as money but in the form of technical assistance, which is administered and controlled by committees or organizations set up by the countries or institutions providing aid.

According to Ranariddh, another issue raised at the meeting in Tokyo was logging. He says: "People have expressed concern over the disappearance of money received from logging" and adds that there is a need to review logging policy and to preserve natural resources.

Ranariddh concludes by discussing Cambodia's good relations with Japan and says that a delegation from major Japanese companies such as Toyota will soon be visiting Cambodia.

Cambodia: Hun Sen Returns, Discusses Trips to ROK, China

*BK1707133796 Phnom Penh National Radio of Cambodia Network in Cambodian
1100 GMT 17 Jul 96*

[FBIS Translated Text] Samdech Hun Sen, second prime minister of the Royal Government of Cambodia [RGC], and his wife returned to Phnom Penh during the afternoon of 17 July after leading a high-ranking Cambodian delegation on a four-day visit to the Republic of Korea.

Among those greeting Samdech Hun Sen and his wife at Pochentong international airport were: His Excellency [H.E.] Sar Kheng, deputy prime minister and co-interior minister; H.E. Ing Huot, minister of foreign affairs and international cooperation; excellencies ministers, state secretaries, under state secretaries, and leading civilian, military, and police officials; and many other members of the Royal Government.

On this occasion Samdech Hun Sen, the RGC second prime minister, spoke to local and foreign reporters about the results of the visit.

[Begin recording] [Hun Sen] I can say that this trip was really a historic one, with both sides saying that we have not had any relations with each other for 21 years. Now, however, we have established relations; therefore, this is the first trip to have nicely opened up the way.

I can also say that, in addition to the exchanges of views on political issues in the relationship between the two

countries, cooperation will be promoted in accordance with the agreement reached by the two sides. I would like to say, however, that we have placed a lot of hope in the promotion of private investment from the Republic of Korea and the possibility of borrowing some funds from there. Furthermore, in the military sector, we have the great hope of receiving assistance in the field of engineering; this is not aid in the form of weaponry but in the engineering to build our country.

In sum, I can say that our visit was very successful. Anything else?

[Question indistinct]

[Hun Sen] I can now say that there are already full diplomatic relations. It is only at the mission level, but this is no different from countries having charge d'affaires in our country or our having charge d'affaires in other countries. Therefore, I think it is only a matter of time for the relations between the two countries. I also want to make this happen fast.

[Question indistinct]

[Hun Sen] The word fast in politics cannot be specified the way it is used when planting rice or growing vegetables.

[Question indistinct]

[Hun Sen] You might wonder about my surprise visit to China. I think this has been analyzed. I have also just read on the plane the different analyses about my visit to China. What I want to stress is that the trip is an effort to seek mutual understanding, brotherhood, and long-term cooperation. I think that this will definitively end any misunderstanding concerning the past relations between the two countries.

[Unidentified correspondent] Will you sign anything during your trip to China?

[Hun Sen] We are preparing a number of agreements for signing, including, possibly, state-to-state agreements relating to trade, the protection of investments, or cooperation in other sectors, which the two delegations are working out in Beijing. There could be a joint communique. I would also like to say that the Cambodian People's Party and the Chinese Communist Party will also sign a major and historic document, and I will probably do the signing.

[Unidentified correspondent] Have you planned this trip all along?

[Hun Sen] I can say that the visit... [pauses] I used to say: Do not think that there are no fish or (venomous creatures) around when the water is calm. We spent months preparing for it, but we did not want to disclose

it too far ahead of our departure. Therefore, I would like to stress: Do not think that there are no fish in the water when the water is calm. Preparations were being made then. So, my visit was planned; it was not by chance.

[Unidentified correspondent] Who will you meet in China?

[Hun Sen] According to plans, a head of government usually meets with his counterpart. Talks will also be held with the head of state. This is customary when a prime minister from one country visits another country. Therefore, according to plans, I will meet with PRC President H.E. Jiang Zemin and have talks with H.E. Li Peng, the Chinese prime minister. [end recording]

Cambodia: Report Details Activities of Khmer Rouge Troops

BK1707054896 Phnom Penh REAKSMEI
KAMPUCHEA in Cambodian 17 Jul 96 p 11

[Report by Peyatro]

[FBIS Translated Text] After a number of its border support bases were destroyed by government troops, the Khmer Rouge attempted to strengthen its forces in the interior of the country. In addition to organizing a group of 158 covered elements and maintaining between 387 and 741 fighting forces, the group also has 881 affiliated forces at its disposal.

In a report issued by the 3d Military Region last week, Chief Operations Department Colonel Thach Monaret said that the Khmer Rouge had moved a number of its forces from the border to reinforce its units. He said this was so they could stage activities against government troops throughout the country.

The Khmer Rouge continues to maintain its beehive zones in the rear at Choam Tu, Kampul Bei, Chamlang Siem, Chang-ao Toch, Chang-ao Thom, Choam Sangke, and Point 553 in Kompong Speu Province; Toek Thleak, Chamka Chhlop, Chey Sena, and Phnum Preah in Kampot Province; and Ta Ok, Kon Kok, Phnum Kbal Khmaoch in Koh Kong Province.

The Khmer Rouge is preserving its remaining forces in order to carry out destructive activities through guerrilla warfare.

The Khmer Rouge 277th Division, with its 220 troops, has command posts at Khnang Sral and Khnang Phsa. It also has an advanced post at Toap Khley that is protected by a group of 20 elements. This division is active in the areas north of Route 18 in Thmar Bang District, and in the coastal areas, south of Route 18 in Sre Ambel, Botumsakor, and Kirisakor Districts of Koh Kong Province. The group has also infiltrated

the areas west of Phnum Sruoch District of Kompong Speu Province and north of Sihanoukville. With the cooperation of elements from Division 405 stationed at Toek Thleak, it has also penetrated some areas in Kampot Province.

The Khmer Rouge 305th Division, with its 100 troops, has managed to recruit 56 more soldiers and 18 outlaws. Its rear command post is at Stoeng Kbal Damrei, and it has advanced bases at Preah Khe Thom, Phnum Muoy Roy Sratoap, Phnum Sloek, Pnh'ea Kong, and Phnum La'ang. It is active in the villages and communes around Chang-ao Toch and Chang-ao Thom.

The Khmer Rouge Division 450, with some 60 to 70 troops, is stationed in the area of Toek Thleak. Once in a while, it carries out activities in the areas of Choam Mlu, Kaoh Sla, Lbeuk Kok, and Anhchoan in Chhuk District and infiltrates the Phnum Voal area. It has a secret base at Khnap Kangkep and is active in the areas of Phnum Thnaot, Thvea Bei, Trapeang Bei, and Chumpu Voan in Chhuk and Chum Kiri Districts, and Chamka Chhlop, Tumnap Thom, Trapeang Phleang, Ben Don Soy, Stoeng Kev, Phnum Damrei Romiel, and Toek Chhu in Kampot District.

Indonesia

Indonesia: Japan 'Encouraged' To Take Indonesian Car Program to WTO

BK1707043596 Jakarta KOMPAS in English
17 Jul 96

[Unattributed report — received via Internet]

[FBIS Transcribed Text] Christchurch, KOMPAS — The marketing and sale of the Indonesia's national car last week in Jakarta has encouraged Japan to take the case to the World Trade Organization.

Atsushi Ohi, Director of the Automobile Division of the Ministry of International Industry and Trade spoke of the case of the Indonesian national car in a press conference. The press conference was held shortly after bilateral talks with Indonesia's Minister of Industry and Trade Tunky Ariwibowo in Christchurch, New Zealand on Tuesday (16 July).

KOMPAS journalist Ratih Harjono also reported Tunky held bilateral talks with US Minister of Home Affairs Charlene Barshefsky. Representatives from both countries signed a Trade and Investment Framework Agreement (TIFA).

Tunky explained that TIFA represented a forum where Indonesia and the United States could discuss differences in trade and investment policies. When asked whether he had discussed the national car with Barshefs-

sky, he only said, "This issue was only touched on a little."

Surprise

In the press conference, Ohi spoke of the necessity of holding further talks with Indonesia regarding the national car. Japan is surprised that the Timor car has all of a sudden materialized while Japan has undertaken extensive investment in the Indonesian car industry and developed enough local components to fulfill the necessary conditions, he added.

Ohi said that Japan would consult Indonesia if they should decide to take the case to the WTO. He also stated that Japan had no intention of ceasing aid funding to Indonesia. Ohi conveyed his disappointment that after all Japan's investments in Indonesia that such a bias automobile policy could arise.

On the issue of the national car, Barshefsky said: "We realize Japan and Europe are thinking seriously about taking the case to the WTO. They see this move as a way of protecting their rights."

Although the TIFA, an agreement promoting greater dialog, had only just been signed, Barshefsky admitted that she was unsure how Indonesia and the United States would work together on the car issue. She was hopeful that increased dialog would aid the situation, but if consultation fails, we will remain firm. Indonesia has to understand this.

Indonesia: Editorial Views 20th Anniversary of East Timor Integration

BK1707074996 Jakarta THE JAKARTA POST
in English 17 Jul 96 p

[Editorial: "East Timor Integration"]

[FBIS Transcribed Text] Today marks the 20th year since East Timor was officially integrated into Indonesia. On July 17, 1976, President Suharto approved the legislation to incorporate the former Portuguese territory into the republic. The legislation was made in response to a petition, known as the Balibo Declaration, which was made in late 1975 by a group of East Timorese representing the majority of people in the territory.

An anniversary is an appropriate time for contemplation. We should reflect on how far we have come over the last two decades. Judging by current conditions, we must admit that the process of integration is far from complete.

On the ground, the government still faces insurgency from Fretilin [Revolutionary Front for an Independent East Timor], an armed separatist movement, and more

recently from discontent urban youths. On the diplomatic front, although some have accepted Indonesia's sovereignty over East Timor, integration is still not recognized by the United Nations which regards Portugal as East Timor's administrator. There is no indication that these local and international problems will be resolved shortly.

The military may be gaining the upper hand over the Fretilin which has been waging a sporadic guerrilla war from their jungle hideouts, but the tension and unrest have now switched from the jungles to Dili and other urban centers, led by discontented youths. The military presence in East Timor has become the subject of international scrutiny, and incidents like the Dili riot in November 1991 and the killing of villagers in Liquisa early last year certainly did not help.

Negotiations with Portugal under the auspices of the United Nations Secretary General are dragging on; each meeting ending with an agreement to hold another meeting, but no substantial progress has been made. The East Timor issue has also sapped a lot of time and energy of our diplomats, who have to answer the chorus of critics of Indonesia's policy in East Timor abroad.

To its credit, the central government has done a lot in the last 20 years to bring economic progress into East Timor. Billions of rupiahs have been pumped each year into the territory to build infrastructures that were virtually non-existent when Portugal left. Per capita income has more than quadrupled, every school-age East Timorese has access to primary and secondary schools, thousands of kilometers of roads have been built, and East Timorese now have access to basic health care.

But high unemployment has created a new problem for the government: a pool of unemployed youths who are educated, critical and sometime militant. Their discontent has often manifested into unrests that we have seen exploding in East Timor in the past year. Their conditions makes them easy prey for separatist groups to exploit for their political advantage.

Given the East Timorese' discontent, it is obvious that Indonesia has not won the hearts and minds of them after 20 years of integration. It is heartening to see that there is now a growing realization in Jakarta and Dili that physical development is not enough to convince the East Timorese people. We are now seeing a discourse about the need to incorporate psychological and ethnological factors in drafting policies in East Timor.

But on this 20th anniversary, it is perhaps time to consider a new approach to East Timor. We will not

venture to say what approach should be adopted, for this is something that should be debated by intellectuals and a wide spectrum of East Timorese.

For sure, the present course can no longer be defended lest we risk further alienating the East Timorese people. We should take note of recent reports suggesting that Portugal may try to force the East Timor issue into a vote at the upcoming United Nations General Assembly. Should that happen and Indonesia lost the vote, the solution to the East Timor question would be imposed on us. And that would hardly be an attractive option for us.

Indonesia: Suharto Claims Health 'Better Than Expected'

BK1707040296 Jakarta KOMPAS in English
17 Jul 96

[Unattributed report — received via Internet]

[FBIS Transcribed Excerpt] Mataram, KOMPAS — For the first time since his return from Germany on Saturday (13 July), President Suharto stated categorically that he is in better health than people think. The President made the statement during the opening of farmer-fisherman festival in West Lombok, West Nusatenggara on Tuesday.

The festival is being held in West Lombok in recognition of the growth in agriculture and the success of cooperatives and family planning programs in the area.

"It was, therefore, necessary I come to Lombok, even though I only returned to Indonesia two days ago after having my health checked overseas. Praise be my health is better than expected. Because of this I give my infinite thanks to God", President Suharto said in front of a crowd of 12,000.

Also present at the ceremony was Minister of Agriculture Syarifudin Baharsyah, Minister for Population/Head of BKKBN [National Family Planning Coordinating Agency] Haryono Suyono, Minister of Cooperatives and PPK [Small Businesses] Subiarto Cakrawardaya, Governor of West Nusatenggara Warsito and senior civil and military regional representatives.

Proud

President Suharto said Indonesia should be proud of its developments and achievements which have lead to an increase in living standards and prosperity. The President also said that there were still improvements to be made and past deficiencies which needed to be corrected.

In a meeting with farmers and fishermen, members of the cooperative and participants of the family planning program, the President congratulated the local residents for being granted 1.3 trillion rupiah by a consortium of banks for the development of the village cooperative units. [passage omitted]

Laos

Laos: Finance Minister Receives Thai Finance Delegation

BK1607122596 Vientiane KPL in English
0931 GMT 16 July 96

[FBIS Transcribed Text] Vientiane, July 16 (KPL) — Saisomphon Phomvihan, minister of finance, yesterday received a delegation of the Ministry of Finance of the Kingdom of Thailand led by its deputy permanent secretary, Kamon Chanthima, during its current visit to Laos.

The courtesy visit was aimed at discussing co-operation between the two ministries, the implementation of tax policy of the two countries, particularly taxes on transit agricultural produce from Laos, and personnel training.

The Thai delegation arrived here yesterday on a visit to Laos until July 18. While here, the Thai delegation is scheduled to visit different Lao-Thai border checkpoints, including the friendship bridge across the Mekong river between Vientiane and Thailand's Nong Khai Province, the border checkpoints between Paksan and Bungkan, Khammouane-Nakhon Phanom, Savannakhet-Mukdahan, and Vangtao-Chong Mek.

Laos: Foreign Minister Ends Visit to Iran, Returns Home

BK1507115796 Vientiane KPL in English
0901 GMT 15 Jul 96

[FBIS Transcribed Text] Vientiane, July 15 (KPL) — A delegation of the Ministry of Foreign Affairs headed by its minister, Somsavat Lengsavat, on July 13 arrived home from Iran, ending its five-day visit to the Islamic Republic of Iran at the invitation of the Iranian Foreign Minister, 'Ali Akbar Velayati.

During the visit, the Lao foreign minister paid courtesy visits to President Hashemi-Rafsanjani, and the president of the National Assembly of Iran. The Lao delegation also had talks with a delegation of the Ministry of Foreign Affairs of Iran.

The sides discussed cooperation in economy, technologies and personnel training. The discussion also touched upon potential promotion of commerce and investment between the two countries, including oil sale and goods exchange.

In this connection, Iran needs wood, rice and sugar from Laos while Laos will buy oil, asphalt for road construction, and iron from Iran.

The Islamic Republic of Iran congratulated Laos over her past national salvation struggle as well as her current open-door renovation policy. Iran, which is one of the 10 members of the Middle East economic group, is willing to become a transit country should Laos establish economic relations with the others in the group.

Thailand

Thailand: Ministry Says EU's Revoked GSP 'Unlikely' To Harm Nation

BK1707054996 Bangkok THE NATION in English
17 Jul 96 p B2

[Report by Nitsara Sihanam]

[FBIS Transcribed Text] The Commerce Ministry has claimed that the European Union's decision to revoke Generalised System of Preferences [GSP] tax concessions on three groups of Thai products is unlikely to have a serious effect due to the small tariff margin and the competitiveness of Thai goods.

However, the ministry will invite related exporters to discuss the best way to deal with the problem. The Department of Foreign Trade is studying whether the volume of Thai exports will decline due to failure to compete with countries still receiving tax concessions under the GSP programme.

From Jan 1, 1997, the EU will halve the tax concessions offered for 17 groups of Thai exports, claiming that Thailand has already graduated into a developed nation. The new GSP rate will be applied until June 1999.

Somphon Kiatphaibun, permanent secretary of the Commerce Ministry, said yesterday after discussions with representatives of the Ministries of Agriculture, Foreign Affairs and Finance that he believed the EU's GSP reduction will not seriously harm three groups of goods — fishery products, fruit and vegetables, and processed foods.

Somphon said the difference between the GSP and normal rates for shrimp, squid, cut orchids, baby corn, canned pineapple and pineapple juice is negligible. Moreover, Thai products no longer enjoying the GSP concessions are high quality products, especially the shrimp products. He believed these products will be able to compete with other countries, including those who pay lower duties. He said importers still want quality products, even at higher prices.

However, Somphon has ordered the Department of Foreign Trade to study the effect of the GSP removal on the competitiveness of these three products. The study will focus on whether goods from other countries can replace Thai exports.

In addition, the Commerce Ministry will invite representatives of the frozen shrimp, canned pineapple, pineapple juice and fruit and vegetable industries to discuss solutions to the problem. The results of the discussion will be delivered to the European Union to support Thailand's request for the continuation of GSP.

The discussion will also focus on reducing production costs and developing Thai products in the long term.

Thailand has exported Bt(baht) 16 billion worth of goods to the EU under GSP. Exports of fishery products amount to Bt10.3 billion, processed foods Bt5 billion, and fruit and vegetables Bt700 million. Thailand is expected to lose about Bt600 million from the GSP cuts.

Thailand: Official Comments on Suu Kyi's Letter to ASEAN Heads

BK1707055296 Bangkok THE NATION in English
17 Jul 96 p A2

[Report by Don Pathan and Yindi Loetcharoenchok]

[FBIS Transcribed Text] Jakarta — Senior ASEAN officials will try to define a common position during their two-day meeting here regarding a response to a letter recently sent to ASEAN leaders by Burmese pro-democracy leader Aung San Suu Kyi.

This was disclosed by Thep Thewakun, permanent secretary of the Thai Foreign Ministry, when reporters sought Thailand's reaction to the letter.

In a letter sent to the seven ASEAN heads of government, Suu Kyi requested the group use its good offices to promote national reconciliation through a dialogue between the Burmese junta, her National League for Democracy (NLD) party, and other political movements in Burma.

Thep and other senior ASEAN officials are in the Indonesian capital to prepare for the annual meeting of their foreign ministers on July 20 and 21.

Thep confirmed ASEAN's concern over the political situation in Burma by revealing that Prime Minister Banhan Sinlapa-acha had sent a letter to Burmese junta leader Gen. Than Shwe expressing Thailand's concern over the massive military crackdown on the NLD.

"In the letter, the prime minister expressed Thailand's concern, which shares a common border with Burma, over the situation in Burma. He (Banhan) stated that

we (Thailand) did not want to see violence in Burma," Thep said.

In May, the Burmese junta, known as the State Law and Order Restoration Council (SLORC), arrested 262 NLD members and supporters, saying that they were only temporarily detained for questioning. Suu Kyi said the NLD members were arrested to prevent them from attending the NLD congress.

The arrest has drawn strong criticism from both human rights groups and the West, particularly the United States, which is considering tougher measures including economic sanctions against SLORC.

Thep yesterday reiterated the Thai and ASEAN policy of constructive engagement towards Burma saying that the grouping recognises the sovereignty of a nation by not interfering in its domestic affairs.

He said national reconciliation in Burma should be carried out through the national convention, which the SLORC organised in January 1993 to draft a new national constitution. He criticised Suu Kyi and the NLD for their decision to walk out and boycott the convention.

The Thai permanent secretary said Suu Kyi and the NLD had shown an unwillingness to compromise by boycotting the national convention, in which 14 ethnic minority groups were also invited to participate.

Thep said SLORC has stated that the new charter would guarantee a multi-party political system.

Thep lashed out at Western countries and human rights groups for calling for pressure, economic sanctions and the isolation of Burma, saying that they were too emotional and idealistic in pressing for democracy in Burma without realising the true political situation on the ground.

He also charged that Suu Kyi was influenced by idealistic Western thinking because she had been out of the country since the tender age of three and had returned when she was almost 40.

Thailand: Editorial Favors Stronger Christchurch APEC Statement

BK1707070996 Bangkok BANGKOK POST
in English 17 Jul 96 p 4

[Editorial: "Making the Most of APEC Membership"]

[FBIS Transcribed Text] There was nothing much to get excited about in the statement issued yesterday at the end of the two-day Asia-Pacific Economic Cooperation trade ministers' meeting in Christchurch. And yet some

of the statements emanating from that meeting were almost emotional.

Acting U.S. Trade Representative Charlene Barshefsky talked about APEC being at the "cutting edge" of world liberalization. Even the news agencies found themselves caught up in the mood. The ministers agreed on "bold plans to spearhead efforts by the fledgling World Trade Organisation (WTO) to free up world trade," said Agence France Presse. APEC was going to "lead from the front" in the big WTO trade conference to be held in Singapore in December, said Reuters.

The fact is, the 18 ministers simply agreed on the need for a decisive push in Singapore. They did not reach any conclusion on how to overcome the significant differences that still exist among WTO members. They said nothing, for example, about the WTO bringing labour rights, social rights, corruption and the protection of foreign investment under its responsibility. Nor did they say how the deadlocked talks on telecommunications and shipping could be rescued.

That is no surprise. Even within APEC, the differences are still considerable, with the United States spearheading efforts to introduce the new issues into the WTO, and ASEAN and China staunchly opposed. The United States has forced the deadlock in the two services talks by refusing to submit its own liberalisation offers. Washington complains that other countries are not offering enough among them APEC members such as Japan and ASEAN.

The ministers were much more bashful about their own plans to liberalise by 2010 (for developed APEC members) and 2020 (for developing country members). They announced they would take back their draft Individual Action Plans and try to improve upon them before the APEC summit in the Philippines in November. This was quiet recognition that the plans do not amount too much. The sceptics who question APEC's ability to achieve its ambitious goals — or to be at the "cutting edge" of global liberalisation — still wait to be proved wrong:

One of the more interesting topics on the APEC and WTO agenda is the proposal for all information technology products—computers, chips, software, telephones, "ion implanters" and the rest — to be traded duty-free around the world. But APEC's importance in this should not be over-stated.

This is not the first time APEC has been asked to participate in a zero-duty package. Three years ago at the Tokyo G-7 summit, the United States, Canada, Japan and European Union agreed on another "zero-for-zero" package that envisaged a global duty-free deal on a

range of products such as electronics, paper, furniture and chemicals.

The package marked a breakthrough that helped the Uruguay Round of world trade talks end five months later in December 1993. Just as is now happening with the information technology package, the 1993 deal was taken to APEC. One month before the end of the Uruguay Round, in November 1993, ministers attending the first APEC summit in Seattle signed on to large chunks of the deal. Some Americans and Australians argue that APEC's decision helped push the European Union to conclude the Uruguay Round. European negotiators deny the claim and in truth there is little evidence to support it.

This time, there is also little evidence to suggest that APEC is at the cutting edge of anything to do with the Singapore meeting, unless it can come up with substantial action plans of its own. But APEC's endorsement of the information technology package would provide important support for the package and encourage WTO members to embark on further liberalization.

ASEAN and some other Asian countries want to study the details of the information technology package further. In some cases, the argument is that the products concerned are not made in developing countries and therefore developing countries will not benefit.

Asking for more time is valid. But countries such as Thailand should remember that there is a lot to be gained from being able to purchase cutting-edge information technology such as computer software and communications equipment at a cheap price. And Thailand clearly has the ability to compete in the assembly and production of many items without the protection of tariff barriers.

If Thailand were to sign on to the package, it would appear to be making a bold move. In fact, it would be making an eminently sensible one.

Thailand: Editorial Urges ASEAN To Pressure Burma's SLORC

*BK1707011096 Bangkok THE NATION in English
15 Jul 96 p A4*

[Editorial: "Specter of South Africa Confronts Rangoon"]

[FBIS Transcribed Text] The first anniversary of Aung San Suu Kyi's release from house detention has signalled the end of a 12-month period in which little appears to have changed in Burma.

The junta remains entrenched in power, the National Convention which was set up to draft a new constitu-

tion remains in recess and there is no sign of the military government or opposition bridging the huge division that remains between them. Even Suu Kyi's so-called freedom bears a remarkable resemblance to her detention. Apart from an open invitation to leave the country, the junta has refused to allow her travel far from her front gate or even meet her husband.

But after one year of discouraging political stasis, there are hints of movement, if not in Rangoon then certainly on the international stage. The hope, once again, is that this will lead to progress — and not a showdown.

Over the last week, ASEAN acknowledged for the first time that its policy of constructive engagement was not working. Still in the words of Thai Foreign Minister Amnuai Wirawan, the group would not abandon the policy, but "redouble our efforts, make it more constructive."

There are also growing signs of Washington's readiness to enforce economic sanctions against Burma if approved by the U.S. Congress. U.S. President Bill Clinton called sanctions a "useful tool" last week and Secretary of State Warren Christopher vowed to pursue the idea with Asian states.

Tortured to Death

In Europe, the outrage over Burma has reached new levels following the death of James Leander Nichols, a former honorary consul and representative for Norway, Denmark, Finland and Switzerland, who died in jail last month. Norway charges he was tortured to death after being imprisoned for possession of unlicensed fax machines in his home. Nichols was a close friend of Suu Kyi.

Denmark's demands that the European Union implement sanctions against Burma have so far met resistance. Most European nations only want to take action as part of a UN campaign.

Comparisons between Burma and South Africa have been made since black nationalist leader Nelson Mandela was freed in 1990 under a deal that ultimately led to elections and his assumption of the presidency. Much of the credit for the end of apartheid in South Africa was given to an international campaign that isolated South Africa for more than two decades.

But such a campaign is unlikely to succeed in the case of Burma because of the strong support Rangoon receives from its Asian neighbours, most notably the ASEAN states and China.

Still, the rising awareness about the abuses in Burma is raising the pressure on SLORC [State Law and Order Restoration Council] and also ASEAN.

Rangoon's leaders have shown a buffalo-like indifference to international opinion such as two years ago when it attacked ethnic Mons on the Thai border as Bangkok hosted an ASEAN summit that marked Rangoon's return from international isolation. Again in May, Rangoon arrested more than 250 NLD [National League for Democracy] activists just two weeks after it received an invitation to attend ASEAN's much trumpeted Regional Forum.

Much at Stake

But for ASEAN much is at stake. Its failure to handle the Burma issue properly could damage it enormously, not only in terms of credibility but also in how effective it can be in responding to regional problems. Burma is slated for membership in the next few years but at present there is surely little room for such a rogue, uncompromising member.

Sanctions are messy, hard to police and painful. But much the same can also be said for ASEAN's constructive engagement policy.

It is now becoming difficult for ASEAN to say that their passive implementation of the policy is not supporting the Rangoon junta. ASEAN recognition of the junta and its adherence to its policy of "non-interference in the affairs of a foreign country" are trumpeted by Rangoon as proof of its legitimacy.

In truth, Rangoon's only legitimacy has come from the barrel of a gun. If ASEAN wants to demonstrate its respect for the kind of power that comes from a ballot box it must follow through on its vow to step up the pressure on Rangoon.

It will have a good opportunity to do so, when Rangoon's leaders attend an ASEAN ministerial meeting in Jakarta with official observer status.

Thailand: Burma Said Heading for Economic 'Disaster'

BK1707083996 Bangkok BANGKOK POST
in English 17 Jul 96 p 4

[Article by Nutsara Sawatsawang and Saritdet Marukhathat]

[FBIS Transcribed Text] The humble mobile phone is contributing to the latest economic disaster facing Burma's ruling junta. The country is short of telephones, so the State Law and Order Restoration Council [SLORC] is selling its citizens mobile phones — 4,000 of them at \$4,000 a piece, according to local businessmen.

The phones have to be purchased in dollars, so U.S.\$16 million (400 million baht) is being drained from the market — pushing up the exchange rate and seriously undermining the value of the kyat.

Within three days last week, the kyat lost a quarter of its value on the market, plunging from 145 to the dollar at the unofficial rate on Wednesday to 180 on Friday.

In other words, an ill-thought-out attempt to solve one problem has led to potentially more serious problems elsewhere.

But mobile phones are only part of the story. They are not the sole reason for the fall in the kyat, and nor is the exchange rate the only difficulty confronting SLORC.

Newspaper headlines have been dominated by talk of rising political tensions, increasing dissent among opposition groups and international criticism of Rangoon's human rights record, and SLORC faces a whole range of worsening economic problems. Its attempts to tackle these problems threaten to make matters worse before they get better. And the economic woes have great potential to add to the discontent.

Inflation is rising, a trend that can only worsen as the currency depreciates. Dollars are becoming harder to find because they are needed for imports, while dollar-earning exports face numerous obstacles. The trade balance is in deficit.

Investment, which ought to offer a major means of escape from this vicious cycle, is also looking grim, with a growing number of foreign firms deferring projects or withdrawing from the country because of political controversy.

SLORC's hopes of raising foreign exchange through its Visit Burma Year campaign have been largely dashed because of the dissidents' campaign against the promotion, and because some tourists are afraid of trouble.

"SLORC is tying itself up with economic problems," said one Asian diplomat.

Most businessmen expect the kyat to hover around 180 kyat to the dollar until the end of the year. This compares to its movement last year between 100 and 110 kyat on the unofficial market. The official exchange rate is 5.6 kyat to the dollar.

One of the reasons for the economic concerns is the deteriorating political situation. Confrontations between SLORC and opposition leader Aung San Suu Kyi and the arrests in May of 262 of Mrs Suu Kyi's National League for Democracy members for "questioning" are the most visible troubles.

The incident, together with the death of James Leander Nichol, the former honorary counsel for Denmark, Finland, Norway and Switzerland, has prompted some Scandinavian countries and the United States to seriously consider economic sanctions against Rangoon.

Also contributing to the worries are rumors of the deteriorating health of the country's main strongman, Ne Win, according to analysts in Rangoon.

Mrs Suu Kyi has been outspoken in calling for the suspension of overseas aid and for a boycott of the government's Visit Myanmar [Burma] Year 1996 campaign. This has been "psychologically effective" among international communities and is frustrating SLORC, said one Burmese businessman.

"The investment climate is now looking grim," said another observer.

"People are made to feel insecure by such political confrontation," said a third.

Their dissatisfaction could increase as the cost of living increases. Inflation has almost doubled, from 24 percent last year to 40 percent at present.

As the kyat sinks, the cost of imports rises. About 80 percent of Burma's consumer products and construction materials are imported while exports include beans, pulses, low quality rice, and raw materials.

To generate more revenue for the government, SLORC has quietly informed businessmen it has changed the formula for calculating the tax it charges on imports and exports, said businessmen and diplomats.

It has created a new official exchange rate to be used exclusively for calculating import and export duties. From 1 June, the price of imports and exports has been calculated at 100 kyat per dollar instead of the 5.6 kyat official rate it sets for actual transactions.

This could have meant a 20-fold leap in tax payments, but SLORC at the same time slashed the duties payable on imports and exports from 100 percent to 10 percent. The result is that the duty rate has doubled, with SLORC hoping its revenues will increase by approximately 50 percent.

The new formula has increased the price of imported consumer products by 20-30 percent, according to Siwat Suwan, the Thai Minister Counsellor for Commercial Affairs in Rangoon.

"Poor people and low-ranking civil servants are suffering most," he said.

The salaries of government officials range from 1,000 kyat per month to 2,500 kyat for those at the director general level.

Many local businessmen disagree with the new plan but say there is no one to turn to with their complaints.

Mr Siwat predicted SLORC would be forced to scrap the new formula because it is unworkable and will cause widespread discontent.

The military government is aware of the rising cost of products and early this year opened a new Government Employees Bank to help civil servants. The bank grants interest-free loans equal to 10 times monthly salaries so officials can keep pace with the rising cost of living.

SLORC knows the public servants will have difficulties repaying the loans, whose first repayments are due next month, so a 60 percent salary increase is expected to be announced in the next few weeks, according to one Burmese source.

"The 60 percent increase is to help them repay the money they borrow," he said.

Unfortunately, traders have already raised their prices as they know civil servants have more money to spend as a result of the loans. Rumors of a new salary hike will only add to the escalating prices, said the source.

Developments in Burma reflect SLORC's inability to handle the economy due to widespread corruption and an unreliable legal framework, Mrs Suu Kyi told BANGKOK POST.

"If businessmen do not know what taxes, exchange rates or rules and regulations are going to in place tomorrow, they won't have confidence in investing in Burma," she said.

"That's one of the reasons why we say this is not the right time to invest in Burma. It's not just a political but an economic point of view."

The unstable kyat, the unrealistic foreign exchange rate, inflation and the widening gap between rich and poor are key areas that need to be tackled, said the 1991 Nobel Peace Prize laureate, developing her economic plan.

"People at the top are corrupt so everyone is corrupt. Businessmen complain that the demands go on and on, so they cannot quite calculate how much they have to invest in the form of bribes," she said.

But Thein Tun, the chairman of Pepsi-Cola Products Myanmar Co places the blame elsewhere. He said export problems are caused by port congestion, but this should ease in two years time when new facilities are in place.

"There are 47 ships waiting to berth but we cannot export our commodities," he said.

To ease the port congestion, the government has recently signed an agreement with three Singaporean companies

— C and P Holding, Sinmardev International and Myanmar Integrated Port Service — to build wharves and other facilities at a new port in Thilawa, about 30 kilometres from the capital.

Construction is expected to be completed in two years.

But Mr Siwat of the Thai Embassy said this would not be enough. The government should seriously consider measures to attract foreign investment in manufacturing industries as the value-added production would help reduce imports and boost exports.

Added investment would break the vicious cycle of devaluation and inflation, but foreign confidence in Burma is at a new low.

The recent withdrawal of European brewers Heineken and Carlsberg, and cancellations by a group of Japanese tourists planning to visit Burma are just some examples of the multinational pressure mounting on the Junta.

Threats from the U.S. to sanction Burma would not have a major impact on the country because it is not a major trade partner of SLORC, said one Burmese trader.

But it would cost the jobs of 40,000 Burmese who work in textile factories serving the American market, he added.

Thailand: Iranian Sentenced to Death for Bomb Plot in 1994

BK1707133696 Bangkok Thai Color Television Channel 9 in Thai 1200 GMT 17 Jul 96

[FBIS Translated Text] A court has handed down a death sentence on an Iranian national who was a suspect in the C4 bomb plot in Lumpini District that took place two years ago.

Hossein Dasgari, 35, was sentenced by the lower court to death. He was charged with being the driver of the truck carrying the C4 explosive that was part of a plot to blow up the Israeli Embassy in Thailand and the Grand Hyatt Erawan Hotel, where a meeting of the U.S. Drug Enforcement Agency was being held two years ago. The attempt failed because the truck was involved in an accident with a motorcycle. Mr. Dasgari fled the scene but was arrested later on by the authorities.

The defendant's lawyer, Somchai Nilaphasichit, indicated that there had been a mistake in the police investigation. The authorities at the Iranian Embassy in Thailand confirmed that the defendant would appeal the verdict.

**Thailand: Premier, Supreme Commander
Comment on Military Budget Issue**

BK1707123096 Bangkok Thai Color Television
Channel 9 in Thai 1200 GMT 16 Jul 96

[FBIS Translated Excerpt] The prime minister today noted that it was the military chiefs of staff who had testified to the House budget investigating committee on budget allocations in the past. Commenting on the controversy between members of the House budget investigating committee and military commanders, Prime Minister Banhan Sinlapa-acha said that, from his own experience as a House panel member, he found that military chiefs of staff are the best informed officials to testify at the hearing. He said the ongoing problem was being caused by poor coordination between authorities. The armed forces had already sent a letter informing the House panel about the officials assigned to defend the budget allocations, but the chairman of the House panel failed to relay the message to members.

[Begin recording] [Banhan, in progress] ... all branches of the armed forces had already sent a letter to inform the House committee, but the committee chairman failed to forward the message to committee members. It was a misunderstanding then. There would have been no problem if the meeting had been informed in advance.

[Unidentified correspondent] This kind of a reaction would benefit nobody

[Banhan, interrupting] Benefit nobody. There was no problem of this kind in previous years. It only happened this year. There was no problem about the military budget in the past. This is the first time this has happened. There was no problem in the past; military chiefs of staff who testified at the hearings of the budget investigating committee could clearly answer all questions. The armed forces' chiefs of staff were capable of doing their duty. [end recording]

Supreme Commander General Wirot Saengsanit, who was playing golf at the Army golf course, was asked by reporters about the conflict between the military and the Democrat Party's members of the House budget investigating committee. Wirot said he had not been informed about the report that said groups of militarymen were unhappy with the attitude of the Democrat Party's members of the House panel. Wirot said that military budget deliberations by the investigating committee had been completed. He said that there will be a discussion at the meeting of the Defense Council on 19 July about which officers should be assigned to attend the hearings of the House budget investigating committee in the future. Wirot said that, in his opinion, the chiefs of staff of the armed forces are the best informed authorities to answer questions.

[Begin recording] [Wirot, in progress] ... it is already done this year, so let us talk about next year. We will discuss it on Friday.

[Question indistinct]

[Wirot] What is appropriate? No, they will discuss which officials should be assigned to attend the hearings of the House budget investigating committee. This is what we will consider on Friday: Should it be the commanders of the armed forces, or should we leave it as the responsibility of the military chiefs of staff as it is now. There is no question about what is appropriate or not appropriate. [end recording] [passage omitted covered by referent item]

Meanwhile, Chuan Likphai, opposition leader and leader of the Democrat Party, said when asked about the House committee's demand that commanders of the armed forces should testify before the House budget investigating committee that such a requirement was the wish of the committee members and not a Democrat Party resolution. He noted that the committee wanted to apply the same principle to all agencies.

**Thailand: Democrats Continue 'Showdown' on
Military Budget**

BK1707041896 Bangkok THE NATION in English
17 Jul 96 p A1

[Unattributed report]

[FBIS Transcribed Text] Democrats yesterday continued their showdown with the military by proposing that a proposed budget of Bt[baht] 1 billion for the Security Operation Command (SOC) be dropped.

However, Defence Minister Chawalit Yongchaiyut yesterday strongly criticised the Democrat members of the House budget committee who staged a walk-out on Monday during a committee meeting to deliberate military budgets.

Akhom Engchuan (Dem-Krabi), spokesman for the budget committee, said yesterday "several" members on the panel thought the proposed SOC budget should not be approved. He added that after the rest of the committee disagreed with the idea, all nine Democrat members of the panel reserved their right to comment during a future House deliberation.

The Democrat MP [Member of Parliament] said the SOC's opponents saw no need for the budget as the agency did not have to fight communism any more. The SOC is under the supervision of the Prime Minister's Office and is partly staffed by military officers.

On Monday, four Democrats walked out of the committee meeting after the commanders-in-chief of the armed

forces failed to show up to defend their proposed budgets. Five other Democrats on the panel were absent.

Defence Minister Chawalit tried hard to persuade Democrat deputy leader Bunchu Rotchanasathian, who led the gesture of defiance, and the other Democrats to change their minds, but to no avail. The meeting on Monday resumed without the Democrats.

Chawalit said yesterday Defence Permanent Secretary Gen. Phaibun Emphan, who was present at Monday's budget deliberations, felt the Democrats had been disrespectful. "It looks like [the Democrats] think nobody is as important as they are," he said. In addition to Phaibun, the chiefs-of-staff of the armed forces and the military comptroller general were also present.

The defence minister added that he did not want military officers to have negative feelings or be revengeful towards the Democrats for their action but admitted it was likely some groups of "junior" military officers will gather in a show of force after the conflict over military budgets. However, Chawalit said that should not be seen as a threat against opposition MPs.

The deputy prime minister noted that military leaders were already disgruntled by the fact that their seats were always in the back rows at functions held at Government House.

Democrat deputy leader Bunchu said yesterday MPs had long been afraid of soldiers, then added that those who ask for respect should first respect others.

The committee yesterday agreed to reduce the Supreme Command's budget by Bt1.3 million from the proposed figure of Bt10.91 billion, Akhom said.

According to the committee spokesman, the Army's budget was cut by Bt65.4 million from the proposed Bt50.92 billion and the Navy's budget was trimmed by Bt33.7 million from Bt22.14 billion. The committee agreed to maintain the Air Force's budget at Bt22.27 billion as proposed, with no reduction.

Finance Minister Bodi Chunnanor commented yesterday that the commanders-in-chief should defend their forces' proposed budgets themselves.

Thailand: Military Budget Misunderstanding Concerns Committee Chairman

BK1707063196 Bangkok THE NATION in English
17 Jul 96 p A8

[Unattributed report]

[FBIS Transcribed Text] The chairman of the House committee on military affairs yesterday expressed concern over a misunderstanding between the Democrat

Party and the military after top officers failed to show up at House budget committee deliberations on Monday.

Gen. Sanan Sawetserani (Chat Thai-Nan) said the misunderstanding could lead to a bigger conflict between the military and politicians. He said politicians should not play games and bargain for power with the military over the budget since the military's budget involved the country's defence.

"This is a dangerous situation because the military has its limitation (of patience) and we don't know what their limits are," the MP said.

The military sent high ranking officers, including Defence Permanent Secretary Phaibun Emphan and the chiefs-of-staff of the three armed forces to attend budget deliberations on Monday.

But that failed to pacify the Democrats on the committee, who insisted on the presence of the commanders-in-chief and walked out in protest.

The misunderstanding was reportedly due to a small technical mistake. The Defence Ministry sent a letter on June 17 to notify the House budget committee that the armed forces leaders were all too preoccupied to attend committee meetings. The House committee, however, did not receive the letter until July 9.

Gen. Phaibun, however, was outraged that the committee went ahead with the budget deliberations on Monday and questioned whether politicians were taking revenge against certain individuals.

Sanan also criticised politicians, saying that Thai governments never served full terms because of their "playing without rules". "I have only seen Parliaments appointed by a coup government that could last four years," he said.

Vietnam

SRV: Egyptian Education Minister Calls on Party Leader

BK1107010296 Hanoi VNA in English
1534 GMT 10 Jul 96

[FBIS Transcribed Text] Hanoi vna July 10 — Egyptian Education Minister Husayn Kamal Baha'-al-Din, who is on a working visit to Vietnam, called on General Secretary Do Muoi today.

Mr. al-Din conveyed Egyptian President Mubarak's congratulations to Mr. Muoi on his re-election as general secretary of the Communist Party of Vietnam [CPV].

He also expressed the Egyptians' admiration to late President Ho Chi Minh, and the Vietnamese people

for their exemplary brave struggle for national independence, and their achievements recorded during the renovation process under the leadership of the CPV.

For his part, Mr. Muoi expressed his belief in the further development of the friendship and cooperation relations between the two countries.

He thanked the support of the Egyptians to the Vietnamese people in their past struggle for national liberation as well as their national defence and construction at present.

SRV: Vo Van Kiet Receives Egyptian Education Minister

*BK1107153496 Hanoi VNA in English
1522 GMT 11 Jul 96*

[FBIS Transcribed Text] Hanoi VNA July 11 — Prime Minister Vo Van Kiet received here today Egyptian Education Minister Husayn Kamil Baha'al-Din and his party who are now here on a working visit to Vietnam.

Minister H.K.B. al-Din conveyed Egyptian President Mubarak's best regards to Prime Minister Vo Van Kiet, and informed his host that his delegation had signed a MOU [memorandum of cooperation] on cooperation in education and training with its Vietnamese counterpart. Minister al-Din noted that the Egyptian people has seen with satisfaction the Vietnamese people's achievements in their economic reform, political stabilization as well as preservation of national identities. He said his country is ready to cooperate with and assist Vietnam in the fields of economy, culture, education and training.

Prime minister Vo Van Kiet, for his part, applauded the result of the working visit of Minister al-Din as a symbol of the traditionally friendly and cooperative ties between the two countries. He expressed thanks to the Egyptian people for their support to the Vietnamese people in the struggle for national liberation in the past and in the national construction and defence at present. He said that Vietnam wished to further broaden bilateral cooperation in economy, culture, technology, education and training.

SRV: EU Ambassador Notes 'Effective' Cooperation, Relations

*BK1707090596 Hanoi VNA in English
0734 GMT 17 Jul 96*

[FBIS Transcribed Text] Hanoi VNA July 17 — The European Union is satisfied with its rapid and effective bilateral cooperation with Vietnam, EU Ambassador to Vietnam Ravenna Riccardo said in an interview in the army daily QUAN DOI NHAN NHAN. The interview

was occasioned by the first anniversary of the Vietnam-EU trade and economic cooperation agreement.

He said that EU considered Vietnam one of the priority countries having relations with EU in the region. Vietnam, EU member countries and non-governmental organisations have exerted great efforts in implementing EU-and NGO-funded projects, and made EU external cooperation policy toward Vietnam effective. EU-assisted projects in health care, education, and rural development obtained marked results in Vietnam.

Asked about trade ties between EU and Vietnam, the ambassador said bilateral trade increased 15 times over the past four years. Vietnam's exports to the EU was up between 6 and 7 times higher. Recently, the EU's investment in Vietnam has increased remarkably. As a result, an EU trade information centre will be set up soon in Vietnam to provide the country with information on EU member countries' commercial systems and mechanism and vice versa. EU exports to Vietnam reached ECU 711 million in 1995 from ECU 128 million in 1991. The trade balance between the EU and Vietnam increased to ECU 402 million in 1995 an increase of ECU 354 million compared to 1990.

Mr. Riccardo said he believed in the further strengthening of the cooperative ties between Vietnam and the international community, especially in the economic area. He expressed his hope that the current conditions and trends would bring a bright future for both Vietnam and the EU.

According to Mr. Riccardo, through its integration programme on the return of illegal Vietnamese migrants in regional refugee camps, which was commenced in 1991, the EU helped repatriate 30,000 people. These people later benefited from health care and vocational training programmes to re-integrate into their communities. With the Vietnamese Government's active cooperation, the programme was effectively carried out. Apart from assisting the shift to a market economy and environment projects, the EU financed USD 20 million for a forestry project. Vietnam also received a budget of USD 20 million from an EU-funded anti-malaria programme for Laos, Cambodia, and Vietnam.

The EU's assistance to Vietnam will be further expanded when its joint commission meets in Hanoi in September to map out a five-year cooperation plan with Vietnam by 2000. The plan will cover programmes on the environment, health care, education, economic development, and poverty alleviation.

SRV: Indonesian Air Force Chief Visits 10-12 Jul

BK1707031596 Hanoi VNA in English
1426 GMT 16 Jul 96

[FBIS Transcribed Text] Hanoi VNA July 16—A delegation of the Indonesian Air Force headed by its chief of staff, Lt. General Sutria Tubagus [correct title — Air Marshal] visited Vietnam from July 10-12.

While here, it had a working session with the command of the Air Force of the Vietnam People's Army (VPA) and visited several Air Force units.

SRV: Le Kha Phieu Receives Guyana's Information Minister

BK1607155196 Hanoi VNA in English
1419 GMT 16 Jul 96

[FBIS Transcribed Text] Hanoi VNA July 16—Mr. Le Kha Phieu, member of the standing board of the Communist Party of Vietnam's Politbureau, yesterday received Mr. Moses Versammy Nagamootoo [name as received], Politburo member of the People's Progressive Party (PPP) of the Cooperative Republic of Guyana, and vice president of the International Organisation of Journalists (IOJ) who has been here for the IOJ's executive committee meeting.

Mr. Nagamootoo, who is also Guyanese minister of information, conveyed congratulations from Mr. Forbes Sampson Burham, president of Guyana and president of the PPP to Party General Secretary Do Muoi and other senior leaders on the success of the freshly-ended party congress.

Mr. Nagamootoo expressed his admirations to the achievements made by the Vietnamese people during the renovation process and wish to expand the comprehensive cooperation between Guyana and Vietnam.

Mr. Phieu wished the Guyanese people success in their national construction, thus contributing to peace, stability, development and cooperation in the Caribbean region and the world as a whole.

Earlier on Sunday, Mr Nagamootoo had a working session with Vietnam's Minister of Information and Culture Tran Hoan.

SRV: Talks on Nationals Residing in Cambodia Held

BK1307095496 Hanoi VNA in English
0655 GMT 13 Jul 96

[FBIS Transcribed Text] Hanoi VNA July 13 — The third round of talks on issues of Vietnamese residents in Cambodia in furtherance of an agreement reached by

the prime ministers of the two countries was held in Phnom Penh on July 9-11.

The Vietnamese side to the talks was headed by Bui Hong Phuc, assistant to the foreign minister, and the Cambodian side by Ung Sean, deputy minister of state for external affairs and international cooperation.

The two sides compared notes on issues relating to Vietnamese and Cambodian nationals living in the other's country. The Vietnamese side expressed its appreciation of the Cambodian Government's goodwill in basically solving the problems of Vietnamese residents who took refuge in Chrey Thom to return to their former home in Cambodia, and its preparedness to receive for consideration the list of those Vietnamese residents who fled to Vietnam in 1993 and now wish to come back to Cambodia. The two sides were of the same view that the issue should be settled in conformity with Cambodian laws, while the then situations that forced them to leave Cambodia for Vietnam should be taken into account.

The two sides also exchanged views on ensuring the legitimate rights of Vietnamese residents in Cambodia, giving fair treatment to nationals of each country living in the other, and other concerned issues.

They agreed that the next meeting will take place in Hanoi.

SRV: International Digital Telephone Exchange in Operation

BK1107013496 Hanoi VNA in English
1502 GMT 10 Jul 96

[FBIS Transcribed Text] Hanoi VNA July 10 — An international digital telephone exchange Axe-105 capitalised at USD3.5 million has been put into operation in the central coastal port city of Da Nang by Vietnam Post and Telecommunications (VNPT).

The Da Nang international exchange, the third of its kind operating in Vietnam following those in Hanoi and Ho Chi Minh City, has been installed with an advanced 8,000-telecom channels optical cable system with up-to-date technology provided by German company Siemens. The exchange will link with leading technical centres within the national and international telephone transmission network. It is able to transmit 450,000 telephone calls at peak times and meet the growing and diversified demand in telephone services in the central provinces.

SRV: Assembly Standing Committee Scheduled To Meet 24 Jul

*BK1207090496 Hanoi LAO DONG in Vietnamese
27 Jun 96 p 1*

[Report by P.V.]

[FBIS Translated Text] The National Assembly Office says that the 48th meeting session of the National Assembly Standing Committee will be held during 24 July and 1 August 1996.

It is planned that during the session, the National Assembly Standing Committee will hear reports and discuss and approve the following documents:

- The draft ordinance to amend and supplement a number of articles of the ordinance on the rights and obligations of domestic organizations that use land allocated or leased out by the state.
- The draft ordinance on the reserve army forces, and the draft ordinance on public servants.
- The draft law on foreign investment in Vietnam (amended).
- The draft law on the jurisdiction and procedures for the promulgation of legal documents.
- The draft law on marriage and family (amended).
- The draft law on turnover tax of companies.
- The draft law on individual earnings tax.
- The draft law on value added tax.
- Various reports on socioeconomic performance, the state budget income-expenditure for the first six months of the year, and the situation of capital mobilization and lending in the banking sector.

SRV Ministers Holds Joint News Conference During Congress

*BK1207102396 Hanoi Voice of Vietnam Network
in Vietnamese 2300 GMT 29 Jun 96*

[FBIS Translated Text] At the press center of the Eighth National Party Congress, Tran Dinh Hoan, minister of labor, war invalids and social welfare; Tran Hong Quan, minister for education and training; and Tran Hoan, minister of culture and information held a joint news conference yesterday afternoon [29 June].

Minister Tran Dinh Hoan reported on the results achieved and the experiences learned through the processes of planning and implementation of social policies. He focussed on a number of major targets and tasks in the labor and social areas such as the creation of jobs and the continuing improvement of the regulations on salary, insurance, and assistance for people who have made meritorious contributions to the country.

Education and Training Minister Tran Hong Quan spoke on the development of education in recent years and the plan for education and training development for the period 1996-2000, for which the main thrusts will be to improve the people's levels of knowledge, train the necessary manpower, nurture people with talents, expand the education system, and heighten the quality of teaching and learning duties.

Culture and Information Minister Tran Hoan evaluated the results of the activities of the culture and information sector throughout the renovation undertaking over the past ten years, as well as the deficiencies that need to be rectified. He also presented the direction and tasks to develop culture and information activities to the year 2000, which will focus on developing the national heritage and characteristics, fighting the intrusion of harmful cultural products, and strengthening the control and renovation of cultural and information activities.

SRV: Party Recruitment Over Past Six Months Reported

*BK1307113396 Hanoi Voice of Vietnam Network
in Vietnamese 1100 GMT 1 Jul 96*

[FBIS Translated Text] In the first six months of this year, 64 party organizations under the Party Central Committee recruited nearly 35,500 young party members. Also during this time, there have been 632,000 outstanding young people admitted to the Ho Chi Minh Communist Youth Union, and nearly 300,000 other young people admitted to the Vietnam Youth Association.

SRV: Journalists Association Weekly Paper Begins Publication

*BK1207012796 Hanoi VNA in English
1516 GMT 11 Jul 96*

[FBIS Transcribed Text] Hanoi VNA July 11 — The first issue of a new weekly 'NHA BAO and CONG LUAN' (Journalist and Public Opinion), the organ of the Vietnam Journalists Association, rolled off the presses this week.

Published nationwide every monday, the newspaper is a forum for journalists and people who pay attention to national traditions. It expects to provide updated information about culture, economics, society, politics and other world issues.

The aim of the four-page colour, tabloid-sized newspaper is to present the outlook of journalists on pressing problems in order to contribute to the process of industrialisation and modernisation. The weekly includes columns such as events and public opinions, round-table

public opinions, enterprises and presses, questions and answers on law, mass forum, journalists' opinions, and file of world press.

At present, Vietnam has 133 newspapers, 242 reviews and 57 news bulletins including dailies NHAN DAN by the Central Office of the Communist Party of Vietnam, QUAN DOI NHAN DAN by the Vietnam People's

Army and four others of Hanoi, Haiphong, Saigon and Danang.

According to Mr. Tran Hoan, minister of culture and information, in 1996, every Vietnamese on average has 4.6 copies of newspapers and reviews, up by 3.9 percent in comparison with 1990.

Australia

Canberra Clarifies Denials of Talks on Ties With DPRK

LD1007130896 Melbourne Radio Australia
in English 1100 GMT 10 Jul 96

[FBIS Transcribed Text] Australian Foreign Affairs officials in Canberra have clarified their earlier denials of having had working-level talks with North Korea on the possibility of normalizing relations. The Department of Foreign Affairs says there have been contacts, but it rejects the description of working-level talks. The department says they were occasional and informal talks between officials with the aim of promoting stability on the Korean Peninsula. The last talks were held on 19 June.

During a visit to South Korea 10 days ago, Australia's Foreign Minister Alexander Downer ruled out an early resumption of diplomatic relations between Australia and North Korea. Diplomatic relations between the two countries were suspended in 1975.

Australia: Indonesia 'Furious' Over Cancellation of Solar Project

BK1607020096 Sydney THE SYDNEY MORNING
HERALD in English 16 Jul 96

[By Leigh Dayton and Louise Williams — Received via Internet]

[FBIS Transcribed Text] The Indonesian Government is furious over an Australian Government decision to abandon a politically sensitive solar electrification project, according to senior Indonesian officials.

The Australian pullout, a consequence of the cancellation of the Development Import Finance Facility (DIFF) soft-loan program, will likely trigger high-level protests from the Indonesian Government when the Foreign Minister, Mr Downer, arrives in Jakarta to attend the Association of South-East Asian Nations' meeting later this month, said Professor Harijono Jojodiharjo, Deputy Minister with Indonesia's Agency for Assessment and Application of Technology (BPPT).

Last month, Professor Jojodiharjo delivered a letter of concern to Mr Downer from Indonesia's powerful Minister for Research and Technology, Dr Jusuf Habibie.

The letter was presented to Mr Andrew Thomson, parliamentary secretary to Mr Downer, at a meeting in Canberra attended by Professor Jojodiharjo, Dr Agus Salim Dasuki, director of Technology Energy (BPPT), and Mr Les Poole, director of Solarex, the Australian firm selected to provide \$39 million worth of systems to the first phase of the cancelled solar project.

Mr Downer was forced to apologise for deliberately misleading Parliament when he failed to reveal protests over the cancellation of DIFF from Dr Habibie and Indonesia's Planning and Development Minister, Dr Ginanjar Kartasasmita.

A spokesman for Mr Downer said the minister "declined to comment" on the matter, and said Mr Thomson was now overseas. He said AusAid, which handled DIFF projects, also declined to comment.

There are currently 16 DIFF-related projects, worth approximately \$550 million, in the pipeline for Indonesia, the single largest recipient of such funding.

A national climate forecasting network and a clear water supply system are among them.

Cancellation of such projects threatened hard-won bilateral relationships and "billions of dollars in future commercial relationships", said Dr John Merson, an expert in science and technology policy at the University of New South Wales.

"To pull the rug out in this manner is unbelievable.

"It will seriously affect our reputation in the region where we will be seen as unreliable. It is extraordinarily short-sighted and incompetent," Dr Merson claimed, flagging the insult to Dr Habibie as being of particular concern.

According to Dr Merson, the Australian Government "sent Habibie packing" in 1976 when he sought to use Australian expertise to develop an aircraft industry.

Dr Habibie, a German-trained engineer, subsequently established a small local industry with assistance from Spain.

Backing down on the solar project, set to go last month, embarrassed both Australia and Indonesia, which had invested \$1.5 million in the project, claimed solar expert Dr Rachmat Mulyadi, who is head of the BPPT Energy Technology Laboratory.

"We have [to answer] the question from the people, from the local government of the provinces, asking when will we install the solar systems in their area," he said.

The project involved the installation of 50-watt solar power systems in 36,400 remote households which were still making do with kerosene lamps, said Mr Poole whose firm had invested over a million dollars in the project.

He claimed Australia's "embryonic" solar industry would lose lucrative potential markets to overseas rivals.

"We've basically given them a Christmas present in the middle of the year," he said.

Australia: PNG Protests Australia Harboring Bougainville Separatists

*LD1607103996 Melbourne Radio Australia
in English 0900 GMT 16 Jul 96*

[FBIS Transcribed Text] Papua New Guinea (PNG) has protested to Australia for allowing its territory to be used by people promoting the separatist rebellion on the PNG island of Bougainville. PNG's prime minister, Sir Julius Chan, said Australia could not continue to harbor people who were sponsoring rebellion from abroad and committing crimes against the PNG state. He made the comments on the first day of the new session of parliament in reply to questions on what was being done about the Bougainville rebel spokesman, Moses Havini.

Sir Julius said the PNG attorney general's office was compiling charges aimed at extraditing people from Australia who were promoting the Bougainville rebellion. Similar extraditions would also be sought from Solomon Islands. Sir Julius also said Australia's liberal human rights stance was hampering attempts to stop rebel sympathizers from entering PNG through Solomon Islands. The prime minister noted that the Bougainville problem was a complex one and appealed to PNG leaders not to allow outsiders to influence them in seeking a quick solution.

Sir Julius did not mention the current military operations on the island, but said that security force operations would continue as part of the government's strategy to resolving the crisis. He said this process also included reconstruction on Bougainville and talks with local leaders.

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